Serbs Down U.S. Jet, 120 UN Hostages Reported Freed After 16 French Are Seized



U.S. Marines firing rifles aboard the Kearsarge assault ship in the Adriatic as they trained for possible support of UN peacekeeping troops in Bosnia.

Experts Dismiss Recession Fears Despite Job Data

By Lawrence Malkin rnational Herald Tribune

NEW YORK — An unexpected loss of more than 100,000 industrial and construction jobs during May manifested by the government Friday, climating a series of gloomy economic reports raising recession fears that virtually all analysis nevertheless found unwanted a server and

The consensus on Wall Street and in Washington was that traditional harbingers of recession — high inflation, excesgers of recession — high inflation, excessive deht, overstocked stores, rising interest rates — were all missing, and that the current readjustment was therefore highly unlikely to turn into a collapse, although the elimb back to steady growth might last for the rest of this year and need the help of the Enderd Passage. the Federal Reserve.

Nothing is seriously out of balance in the economy," said Cynthia Latta of DRI/McGraw Hill. Before regaining momentum, economists forecast that economic growth may dip below I percent, and even Treasury Secretary Robert E. Rubin publicly conceded that "we may have a few bad months."

This also seemed to be the considered verdict of the financial markets after they recovered from the initial shock of a 101,000 decline in payroll unemployment instead of an expected if sluggish advance

The dollar at first declined in Europe by half a yen and almost 2 pfennig, but moved into positive territory in New York hy midday. The Dow Jones Industrial Average fell, led lower by stocks in companies sensitive to weakness in the economy, hut banking and technology stocks rose.

The more significant figures were in the Treasury bond markets, which were expected to help stem the economic slide hy providing cheaper credit for housing, mortgage refinancing and industrial in vestment. For the first time in 15 months yields on 30-year Treasury bonds fell below 6.5 percent to 6.49 percent.

Two- to 10-year rates fell to between 512 and 6 percent, reflecting the widespread belief that the Fed would cut its current 6 percent rate for overnight bank money this summer by as much as a full percentage

Down Jone 28.36 4444.39		Up 0.56%
The Dollar	En close	movement close
DM	1,409	1.4058
Pound	1.5895	1,5977
Yen	B4.35	84.65
FF	1004	4.054

point. Thus the central bank would start reversing last year's preemptive strike against inflation, which is slowing the ссопотну поw.

Not all signs were totally negative after a week of reports on slowing factory orders See ECONOMY, Page 4

Pilot Missing, NATO Mounts Rescue Effort

By Roger Cohen
New York Times Service

SARAJEVO, Bosnia-Herzegovina -The Bosnian Serbs shot down an American F-16 fighter aircraft flying a NATO mission over northern Bosnia on Friday. drawing the United States more directly into the Bosnian conflict than ever before.

A NATO spokesman, Lieutenant Commander Mike Consadine, said that the pilot ejected from his plane and that his fate was unknown. A rescue operation, almost certainly involving aircraft and helicopters, was mounted near the northern Bosnian Serbian stronghold of Banja

[French officials said Friday that Bosnian Serbs had released 120 UN bostages and that they would be taken to Belgrade, Reuters reported from Paris.

The United States said it welcomed the reported release of some of the peacekeepers, but insisted the rest should be freed as

The Bosnian Serbian leader. Radovan Karadzic, said from his headquarters in Pale, outside Sarajevo, that he expected a "sign of goodwill" from the international community before releasing more of the hostages, 1

The hostage issue became more con-fused when, before the announcement of the release, it was reported that Bosnian Serbian forces had taken another 16 French peacekeepers hostage.
The North Atlantic Treaty Organization

declined to give details of the mission to rescue the U.S. pilot. Bosnian Scrhian officials said a parachute was seen just before the fighter crashed into a populated area near the town of Mrkonjic Grad, about 65 kilometers (40 miles) south of Banja Luka.
With the downing of the plane, it ap-

peared a decisive moment had been reached in the Bosnian conflict. Britain and France had over 180 personnel among the more than 350 United Nations peacekeepers that had been taken hostage by the Serbs after two recent NATO bombing

down alliance aircraft after NATO twice bombed a Serbian ammunition depot. downed the U.S. fighter with a surface-toair missile.

Several such missile batteries were installed by the Serbs last year to deter NATO flights over the 70 percent of Bosnia they hold. The missile systems would be obvious targets if the United States decided to respond militarily to the downing of the plane.

The American lighter took off from Aviano in northern Italy and was flying a NATO mission as part of an operation that began in April 1993 and was supposed to prevent the belligerents in the war from using aircraft.

It was the first American aircraft shot down in the three-year-old war. Last year, a British Harrier jet flying a NATO mission was downed over the eastern Bosnian enclave of Gorazde, but the pilot ejected into territory held by the Muslim-led Bosnian government and survived.

The downing of the U.S. plane came at a See BOSNIA, Page 4



Major Casualty To UN, NATO And America: **Credibility Loss**

By Michael Dobbs Washington Post Service

BRUSSELS - Among all the troubling images of the Bosnian war, few are more erplexing than the spectacle of a ragtag Balkan army spitting in the face of the world's most powerful military alliance.

How is it that an organization that suceded in keeping the Soviet Red Army at bay for more than 40 years gets such little respect from the Bosnian Serhs?

The official answer to this question is that the North Atlantic Treaty Organization has never been directly involved in the war in the former Yugoslavia: It has merely provided technical military support, when requested to do so by the United Nations.

According to this line of reasoning, NA-TO's own credibility bas not been adversely affected by its inability to stop the worst outbreak of fighting in Europe since the

NEWS ANALYSIS

end of World War II, NATO never set itself the goal of bringing peace to Bosnia. Such logic may provide some comfort to the political leaders who worked out the tortuous "nual key" arrangement that put NATO forces under the control of UN bureaucrats.

But it is hardly adequate on a day in which an American F-16, carrying out a NATO mission to enforce a "no flight" zone over Bosnia, gets shot out of the air by a Bosnian Serb missile.

What is at stake is not just the credibility of the United Nations, but also the credibility of NATO, and in the last resort the credibility of the United States, the world's sole remaining "superpower."

In private, NATO officials and diplomats acknowledge that the Yugoslav crisis has highlighted the enormous problems faced by the alliance in adapting to the challenges of the post-Cold War era. Western governments no longer have the luxury of facing the Soviet Union, a single, monolithic threat that was easily explainable to public opinion and served the useful purpose of galvanizing the West into action.

The "evil empire" has given way 10 a multitude of "evil fieldoms," each of which has the capacity 10 cause the West a huge amount of trouble.

"It used to be very simple." an official at NATO headquarters in Brussels said Friday. "NATO was created at a time when the military threat was very palpable. We

See SERBS, Page 4

As the East Waits, Japan Weighs Past Against Future

By Michael Richardson necrnational Herald Tribune

SINGAPORE - As Japan's Parliament tries to decide whether and how to draft an apology for its aggressions before and during World War II, virtually every country in East Asia and the Pacific is telling Tokyo that the occision will have an intangible but critical impact on its role in the region.

Through public and private channels, they have made :1 plain that an unambiguous apology for Japanese aggression and colonial rule in Asia is an essential condition

for greater acceptance in the region. The coalition government beaded by the Social Democratic prime minister, Tomiichi Murayama, is deeply divided over the wording of an apology to mark the 50th anniversary of the war's end.

Hard-line conservatives of the Liberal Democratic Party in the coalition assert that the statement sought by the Socialists is a leftist view of history that dishonors the struggle by Japan's war dead to liberate Asia from

Earlier this week, coalition leaders set Friday as a deadline for a draft accord on the apology, but a new round of negotiations Friday on the resolution ended without agreement and Mr. Murayama repeated his call for a clear apology by Parliament. Reuters quoted some observers as saying that the debate could drag on until Parliament's session ended on June 18.

A number of Asia-Pacific countries have told Tokyo

that it must go further, officials said. They want Japan to follow the example of Germany in not only acknowledg-See APOLOGY, Page 4

unacceptable.

Chinese Catholics Blossom, Even Under Beijing's Thumb

By Steven Mufson Hashington Post Service

DONG LU, China - The sound of Gregorian chant drifted over the rice fields as a stiff wind blew incense from the silver censer, and thousands of Chinese Cathohes clutched their crosses or rosaries and strained for a view of the Mass said here last week by priests and bishops of the underground Roman Catholic Church. Twice the congregation turned and

stared at the afternoon sun for a glimpse of the Virgin Mary, who Catholics say appeared here nearly a century ago to save them during the anti-missionary and anti-Western rampages of the Boxer Rebellion.
Once, the crowd broke into applause. "If you don't believe, you can't see," said one of the laithful.

Nearly as miraculous as the vision was the spectacle of nearly 10,000 Chinese defying the Communist government by holding an unauthorized Mass. While international control of the control tional attention has focused on a few dozen high-profile dissidents in Beijing. thousands of other Chinese have fnught

Newsetend Prices

Newssia	ild Lines
Artillies 11.20 FF Cameroor: 4.400 CFA Egypt E.P. 5000 France 9.00 FF Gabor 950 CFA Greece 350 Dr. Italy 2.500 Line Ivory Coast 1 120 CFA	Luxembourg60 L. Fr Morocco13 Dh Qatar8.00 Rlais Rèunion11.20 FF Saudi Arabia9.00 R. Senegal960 CFA Spain225 PTAS Tunisia1,250 Din Turitey T L 45,000 U A.E8.50 Dinh U S. Mil (Eur.)\$1.10

their own battles against the authorities, sneaking through police roadblocks and risking arrest to get here. A bishop came several days early by motorcycle; another slipped through a roadblock at 3 A.M.

Other Catholics came by tractor, bus,

taxi or foot. Organizers of the meeting in this village, 210 kilometers (130 miles) southwest of Beijing, where large-scale Masses are held annually and smaller ones take place throughout the year, said that thousands of others tried to attend but were turned away by police.

The Mass at this pilgrimage site is just one of many signs of the Roman Catholic Church's ability to survive under the

See CHINA, Page 4

AGENDA

Clinton Renews China Trade Status

THE AMERICAS Behind 'Friendly Fire' Deaths

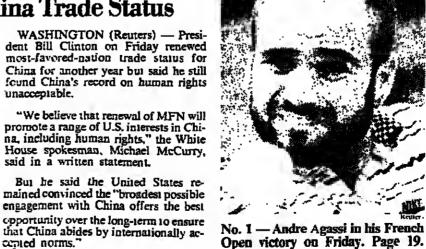
INTERNATIONAL Rabin Confident on Golan

BUSINESS/FINANCE Page 11. Europe's Grim Automakers

Page 8. Sports Pages 18, 14. Page 6. Crossword Page 19. International Clusified

na, including human rights," the White House spokesman, Michael McCurry, said in a written statement. But he said the United States re-

mained convinced the "broadest possible engagement with China offers the best opportunity over the long-term to ensure that China abides by internationally ac-



Raunchy Fare Ranks Time Warner as America's Cultural Vulture

By Howard Kurtz Washington Past Service

WASHINGTON - Last summer, when a magazine journalist, John Leo, had dinner with friends in the Hamptons, the talk turned to which corporation was doing the most to debase and degrade American culture. The winner, hands down, was Time Warner. Mr. Leo gathered evidence, particularly about offensive music, and delivered his indictment in March in his U.S. News & World Report column. "Like a junkie quivering toward a fix," he wrote, "Time Warner simply can't resist cashing in on the amoral singers who work tirelessly to tear the culture apart, glorifying brutality, violence and the most hateful attitudes toward women."

The next day he got a call from William J. Bennett, division is a key profit center, are equally appalled. the former education secretary. "I was reading it like Joe Citizen and I couldn't believe it." Mr. Benneu said Thursday, "I'm an old rock-and-roller, played in bands. But when I read these lyrics I was outraged."

That conversation led to a public campaign against Time Warner, a confrontation at its annual meeting and, on Wednesday, a stinging attack by the Senate majority leader, Bob Dole of Kansas, that has put the company at the center of the presidential campaign

and the nation's ongoing culture wars. "Time Warner is our leading cultural polluter." said Mr. Leo, a former Time editor. "No one is in favor of censorship, but this is a matter of corporate responsi-

Some journalists at Time Warner, whose music moral virtue.

"Most people here say this is just about making a buck," one Time magazine staffer said. "They're ashamed of it."

But Michael Fuchs, chairman of Time Warner Music Group, accused Mr. Dole of politicizing the issue through "overheated rhetoric."

He said that offensive lyrics, by past and present Time Warner artists, are "the price you pay for free-

dom of expression. Whether or not Time Warner is engaged in the "marketing of evil," as Mr. Dole put it in his Hollywood speech, the news and entertainment conglomerate has abruptly become this year's "Murphy Brown." under attack by a national politician for undermining

"I have mixed feelings about it," Mr. Bennett said. "It gives our critics a club to say this is all about politics. The good part is it does raise the profile of the

Mr. Bennett is stepping up his campaign by sending letters to Time Warner board members — including an opera diva, Beverly Sills — ching the "vulgar" and "truly offensive" lyrics of the heavy metal group Nine Inch Nails:

"I am a big man (yes I am). And I have a hig gun. Got me a big old (expletive) and L I like to have fun. Held against your forehead, I'll make you suck it. Maybe I'll put a hole in your head . . . I can reduce you if I want. I can devour. I'm hard as (expletive) steel

See TIME, Page 4

NEFTEGORSK, Russia - Serafima Varlamova stared at the buildozer parked on the side of the sandy road that cut through the birch and pine forest of northern Sakhalin Island and cursed the missing driver.

"Drunk!" she said with a scowl. "We are looking at an ecological disaster in the wake of this human tragedy, and all anyone can think about is drinking vodka."

Mrs. Varlamova is an oceanographic researcher in the Russian Ecology Ministry. She is trying to bring official attention to another disastrous result of the earthquake that killed more than half of the 3,200 residents of this small oil town

terminals on the mainland. Some 21,000 barrels of crude, she said, have been spilled since the pipeline buckled in the quake.

The problem is that all the people who ran the pumping stations and knew the pipeline are dead, missing or so distressed that they can't possibly work," Mrs. Varlamova said. "Neftegorsk was not just an oil town. It was a town created exactly to house those who worked in the industry. Now it —and they —are gone, and no one else seems to know what is where or what to

Rescue workers found a badly injured teen-ager early Friday, along with 95 corpses, after searching in vain for survivors and the dead Thursday night.

Two more survivors were pulled from the She is worried about the oil leaking from a rubhle late Friday, Reuters reported. Medical ruptured pipeline that runs across Sakhalin from officials said Misha Deputatov, 9, and Fyodor the offshore fields in the Sea of Okhotsk to Yakimov, 33, were found in the wreckage.]

But rescuers had slowed their search to concentrate on a single site, evidence that hopes of forces" in Japan wanted to link all contacts with finding more people alive were fading fast.

They were sifting through the remains of one of the 19 prefabricated, five-story apartment blocks that collapsed in seconds in the earthquake, which measured 7.5 on the Richter scale.

The authorities said that the official toll from the quake so far was 866, and that 405 survivors had been found. They said they believed that up to 2,000 people perished.

In Moscow, meanwhile, a spokesman for President Boris N. Yelusin apologized Friday for the president's "rather emotional remarks" Wednesday, in which he suggested that a Japanese offer to help quake victims could come with a price: a demand for the return of the Kurile Islands that were seized by the Soviet Union at the end of World War II.

But the spokesman also said that "influential Russia to the dispute, a reaction the Japanese Embassy in Moscow called "regrettable."

Across the country, the oil was draining into the rich fishing grounds that surround Sakhalin. Pools have collected along the pipeline, marking the 18 spots where the underground pipe moved and snapped.

But more disturbing to Mrs. Variamova was the attitude of the oil sector, which she said regarded production as the most important

"There is heavy pressure on us to reopen the pipeline immediately, without thoroughly check-ing it," she said. "It is almost like the had old days of the command economy. Haven't we learned anything?"

Corsican Separatists Separate Dozen Quarreling Factions Blast Each Other

By Marlise Simons New York Times Service

AJACCIO, Corsica - A tough Corsican ritual was played out in Ajaccio the other night. A sports car came sweeping past a government building. From the car, three masked figures sprayed the dark offices with gunfire.
As the fusillade echoed around the heavy stone

walls of this medieval port, the patrons of the Napoleon Bar hit the floor like a well-drilled crowd. But no sooner had the sounds faded than the interpreters of Corsica's violent politics got

"It's against those new gun controls," one patron declared. "It must be about a construction license," another said. And in the ensuing debate, local connoisseurs identified no fewer than three nationalist groups that could have dispatched the assault team.

As Corsican acts of revenge go, this was mild. The fierce dynamics of the island's separatist struggle last year included 400 bomb explosions and 40 murders, most of them believed to be political and most not cleared no.

Corsican separatists who want more or full independence from Paris have been around since 1768, when Genoa sold this Mediterranean island to France. But the modern armed movement, which began two decades ago, has been unrelenting. There has been so much hlasting of banks, police stations, homes and businesses that new cases no longer qualify as news on mainland

What distinguishes the recent violence, however, is that the once dominant Corsican National Liberation Front has split into quarreling factions. More than a dozen competing groups now seek control over Corsican affairs. Three factions have armed guerrilla branches.

Mutual suspicion and conspiracies proliferate. In conversations with members of different groups it becomes clear that maneuvering against rivals takes at least as much energy as the fight against Paris.

There have been turf wars over who collects which "revolutionary taxes"—the name for the protection money that many businesses are forced to pay. In recent months, nationalists have even killed one another.

As worrying to many people is evidence that the separatist struggle has become a cover for common crimes. "The worst part," an Ajaccio much of the French Riviera. restaurant owner said, "is that the factions are attracting young Rambos who are interested in this," said Jean Philippe Atolini, a member of the power of guns and not in idealism. It's getting Cuncolta, a separatist group. "If they hadn't,

What is also different is that more Corsicans are tired of violence. In January, after four gang-land murders in one week had traumatized the northern town of Bastia, some 500 women published an anni-violence statement in the newspa-pers which they called a "Manifesto for Life."

Since then, more than 2,000 women have added their signatures, which is considered a high number in this secretive island society. "We get letters of support every day," said Bernadette Spagnole, one of the group's coordinators.
"Women who had a son killed or a husband or a cousin. Women who think we've reached the limits and who don't want any more armed

Miss Spagnole contrasted the situation in Corsica to Sicily's. "Italy is coming out of this violence and we are sliding into it," she said. More and more young people are armed."

What Corsica has in common with Sicily is the tradition of vendettas and the local rule of silence and fear that keeps witnesses and juries from speaking out in court.

In contrast to Sicily, though, Corsican separatists, rather than profiting from drugs, have called for the execution of drug dealers to keep Corsica "clean." Police believe that some killings and explosions at local bars are linked to the militants' anti-drug campaign.

staging monthly demonstrations in front of government buildings in Ajaccio where they recite the death toll of the month. The women's group says it takes no sides in the separatist struggle but denounces what it sees as its deterioration into mercenary fights for power.

Although the exact number of militants is not known, nationalism nonetheless still has wide support in Corsica. Max Simeoni, leader of a moderate nationalist group, said that for all the bomb-throwing, "nationalists have achieved what traditional polities had not," including the official recognition of the Corsican language (which is akin to Italian), a university and a regional Parliament, although the latter cannot

Militants offer elaborate justifications for the hundreds of bomb blasts every year, some of which are aimed at the kind of land speculation and tourist development that has taken over

"Fortunately, our clandestine groups resist all

BRIEFLY EUROPE

U.S. to Study Europe Trade Zone

MADRID - The United States promised Friday to give serious study to proposals for a trans-Atlantic free trade agreement and pledged that its long-term goal was to integrate the economies of North America and Europe.

But Secretary of State Warren M. Christopher voiced some reservations about the idea and proposed several shorter-term measures to boost trade.

The idea of a free-trade zone, first proposed by Canada last year, has been backed by Britain and Germany and is the subject of a study launched by Sir Leon Brittan, vice president of the 15-nation European Union.

"We, too, intend to give it the serious study it deserves, with its considerable potential to form an element of our overall strategy," Mr. Christopher said in a speech to a Spanish research institute.

Economic ties between the United States and Europe are already enormous, with Europe accounting for almost half the foreign revenues of American companies. U.S. investment in Europe roughly equals that in the rest of the world put

Critics of the free trade scheme have therefore warned that it could become a rich man's club that would make poor

countries even poorer. In deference to that view, Mr. Christopher said any such agreement "must advance our overriding objective of global trade liberalization," and must not "disadvantage less developed countries."

Conciliatory Words for Ankara

ATHENS — Greece on Friday welcomed Turkey's "low-key reaction" to Athens' ratification of a treaty that allows it to expand territorial waters and said tension between the two NATO allies seemed to have eased.

"We believe it is over for now," a senior Greek government official said. "There were some harsh words exchanged but everything is under control. We are pleased with the way Ankara handled the issue."

Ancient tensions between the two neighbors resurfaced Thursday when the Greek Parliament ratified the Law of the Sea, an international treaty which gives Athens the right to extend its territorial waters.

Turkey restated its opposition and began scheduled land. air and sea maneuvers around the Aegean Sea, but Foreign Minister Erdal Inonu of Turkey sought to play down the Greek move, saying it "is not a reason for war."

The Greek government spokesman, Evangelos Vezizelos, said on Friday that Mr. Inonu's statements were "cautious and low-key" and that Greece retained the right to extend its waters whenever it saw fit. Ankara has said an actual extension of Greek waters in the Aegean is a cause for war.

Western analysts said that despite past thetone and bellig-erent posturing, it was unlikely the two nations would allow the dispute to develop into actual conflict. (Reuters)

Swiss Bishop Quits in Sex Scandal

VATICAN CITY - The resignation of Switzerland's youngest bishop after he got his girlfriend pregnant is the latest sex scandal to haunt a Roman Catholic Church that

sy From Polit

T. e .

insists on celibacy from its priests and nuns.

The resignation Friday of the bishop of Basel, Hansjoerg Vogel, 44, is bound to fael new debate over whether the church can expect its consecrated members to live a chaste life in a modern, secular world filled with temptations. The Varican said Pope John Paul II accepted the resigna-

tion in accordance with canon law, which says a bishop is "earnestly requested" to resign when he has become unable to fulfill his office due to health "or another serious reason." Bishop Vogel acknowledged in a public letter that he had turned to the unidentified woman for comfort from the

pressure of his new post after becoming head of the Basel diocese 18 months ago. Bishop Vogel said he was certain his resignation would unleash renewed debate about the church's celibacy rule. There will be new doubts about whether priests can stick by

Morocco Fishing Talks Bog Down

their decision to be celibate," he wrote.

RABAT, Morocco - Talks on the European Linear's fishing treaty with Morocco bogged flown Friday Wisca Sparand the EU negotiating team failed to agree on a comprosite proposal to cut the Union's catch in Moroccan waters.

The EU had hoped to offer Rabat its first detailed compro-

mise on reducing its catch when the disagreement arose with the Spanish shortly before the negotiations were to begin, according to a Spanish source close to the talks.

From Sudan, a Bishop Tells Tales of Horror Visited on South's Non-Muslims

By Barry James

WHEN THE SNOW MELTS AT LAST — As Norway fights its worst floods of the

ast 125 years, water from the Glomma River, swollen by melting snow and recent

heavy rains, threatens a farm and chapel and covers a nearby cemetery. One death has

been recorded, a chemical plant has shut down, and trains and roads are blocked.

PARIS - Despite the cease-fire brokered by former President Jimmy Carter, violence on a major scale is still occurring on a daily hasis in southern Sudan, according to the Roman Catholic bishop of Torit, the southernmost diocese in the country.

At the same time, reports from the Sudanese capital, Khartoum, indicate rising unrest in the northern part of the vast nation, with the arrest of more than 200 opponents of the Islamic fundamen-

Press said that former Prime Minister Sadek Mahdi

was arrested and tortured for criticizing the fundamentalist leader Hassan Turahi. The government accused him of conspiring with southern rebels, who are mostly Christians and animists, against the Is-

A somber Pentecost message issued by the bishop of Torit, Paride Taban, illustrated the extent of the violence in the south, where a civil war has raged for the past 12 years. He advised Catholics to carry shovels and hoes on their journeys in order to bury any dead they find along the way.

This was prompted, he said, by the apocalyptic visions he wimessed on a recent drive from Uganda Opposition sources quoted by The Associated to his see. He said he saw a group of women resembling living skeletons and crazed with fear.

He said that government forces were regularly breaking the cease-fire in his sprawling diocese of 375,000 Catholics, bordering northern Kenya and

Chukudum, in my region, is bombed every week," he said. The attacks were continuing "in said. spite" of Mr. Carter.

The two-month cease-fire, aimed at allowing health officials to put in place a program for the eradication of guinea worm, was recently extended

for the next two months. A spokesman at Operation Lifeline Sudan in

Bishop Taban was in Paris to meet with French carried out by lawless militias that have broken

away from the main rebel movement. But Bishop Taban said the artacks were part of a deliberate government policy to destroy the culture of the predominantly Christian and animist black African populations of the south. People are told that "to be Africans, they must be Muslims," he

The United Nations Human Rights Commission condemned the Sudanese government in unusually forthright terms in March for abuses including "summary executions, slavery and systematic torture." The commission said it had evidence the regime was rounding up Christian children and

vultures pecking at corpses and a stretch of highway Nairobi, an aid coordinator, conceded that violence sending them to remote camps for indoctrination littered with hleached human bones.

Nairobi, an aid coordinator, conceded that violence sending them to remote camps for indoctrination in the region was endemic, but said it appeared to be and forced conversion to Islam.

Amnesty International alleges that thousands of southern Sudanese have been sold into slavery. A recent report by African Rights accused the government of perpetrating a "horrific range of abuses" against southerners in the north

Foreign aid officials said the government permitted relief flights to 90 destinations in March, hut acknowledged that flights had been halted to the Torit region because of the instability there.

"For us in the diocese of Torit and in the whole of southern Sudan, 1995 appears to be leading not to the end of the war, but to the end of the world,"

New York Looks for the Welcome Mat

Campaign Promotes Niceness to Tourists, but Not All Go Along

By Anthony Faiola

NEW YORK — "Smell my cab," insisted the taxi driver. "Go ahead, smell it." Taking up Juan Cortes on his offer to inhale the odor of his taxi, a passenger finds his nostrils filled with the sugary fragrance of apple spice. The scent seeps from a rectangular air freshener, emblazoned with the words "New Yorkers Welcome the World," hanging from his rear-

"Nice, eh?" Mr. Cortes laughs.

Civic leaders have launched a \$150,000 campaign to take the bad out of the Big Bad City by training New Yorkers to be friendlier to the 25 million visitors who pass through New York each year. Last month, a public-private partnership began a five-year sensitivity program to teach 50,000 policemen and other city employees the importance of being polite.

To make cabs more inviting, 10,000 Big Apple air fresheners were distributed. The pièce de résistance is a subway ad campaign with slogans like, "Instead of Making a Wise Crack, Crack a Smile," or 'Turn Your Back on Tourists and They'll

Turn Their Backs on New York."
"We want to dispel the image that New York City is a cold, inhospitable place." Mayor Rudolph W. Giuliani said in an interview. "Personally, I think most New Yorkers are just fine the way they are. But of course, we do have some people who could stand to be more polite.

McLaughlin wrote, "A car is useless in New York, essential everywhere else. The same with good manners."
"Nice? Nice? To tourists?!" Fran

Lebowitz, the New York author and humorist, said in an interview at a late-night Soho haunt this past week, "I'd like to stand on one of the hridges with a machine gun and hit them before they come over.

"Look at what's happened to 57th Street," she said. "It's become Anaheim with all those theme restaurants. Tourisis are ruining this city. Just leave us alone."

Such responses make officials' hair stand on end. Indeed, in large part, the campaign was launched to polish residents of the Big Apple for America's largest convention of international tour operators. which landed in New York this week for the first time in 26 years.

The tour packages offered by the convention's 7,000 delegates collectively bring over about 80 percent of the 45 million foreigners who visit the United States each year. What's more, the perceptions of New York they take home will affect leisure travel patterns in the city's \$14 billion

tourism industry for years to come. Stephen Morello, chief executive of the New York Convention & Visitors Bureau. says he knew the campaign would be received "with a New York sense of humor."

New York's effort, while unique in

scope, underscores a recent movement

among major U.S. tourist destinations to

make public employees and other tourism

Yet this is the city of which Mignon industry "ambassadors," such as taxi drivers, more sensitive to visitors and the eco-nomic benefits they bring. In some urban areas, such as New York and Miami, surveys have shown that local rudeness ranks high among deterrents to repeat visits.

In Washington, a study conducted by Research Associates fue, showed that high costs and often-confusing street signs pose more of a threat to the city's tourism industry than a lack of pleasantness.

I don't think we need it to the extent

that New York City does, but yes, we'd like to see a similar campaign in Washington," said Daniel E. Mobley, president of the Washington D.C. Convention and Visitors Association, which three years ago helped lest a program to teach politeness to taxi drivers in the nation's capital. "The only problem is we can't afford it."

Such programs can indeed be costly. unless they are subsidized. In New York, for example, the entire \$150,000 "politeness" campaign is costing the public less than \$11,000 because hotels, advertising firms and other tourism-related businesses have offered their services for free.

So, how is the campaign working? Let's just say the city's residents haven't suddenly put on a happy face and started singing "Whistle While You Work."

"My impression is that New Yorkers leave some of their stress with you every time you encounter one, said Jean-Marie Douau, a Parisian attending the tour operators' convention this week. "But I suppose we do the same in Paris, so who am I

TRAVEL UPDATE

Panel Urges Safety Rules For Tourist Helicopters

WASHINGTON (WP) — The National Transportation Safety Board said Thursday that air tour operators who fly over dangerous areas such as Alaskan glaciers and the pounding surf below Hawaiian cliffs should be required to meet the same safety standards as other passenger-carrying aircraft.

The board, which investigates major transportation accidents, said the Federal Aviation Administration should adopt new national safety standards for tour operators and should order such commonsense precautions as life vests for occupants of helicopters that operate over

A special review of air tour incidents showed safety gaps that must be ad-dressed, the board said, including staff shortages in aviation agency field offices with responsibility for air tour operators. The board's review was prompted by two Hawaiian helicopter accidents that occurred within hours of each other on July 14, 1994. In each case, tourist helicopters made forced landings into the surf in re-mote areas, killing three people and seriously injuring one.

Striking pilots grounded all SAS flights

between Scandinavia and the rest of the world Friday, after wage talks collapsed. The one-day strike by about 650 of SAS's? 1,500 pilots forced the cancellation of about 300 flights, or about a third of the carrier's total traffic.

Alitalia canceled 50 percent of its flights Friday because of a 24-hour strike by a pilots' union over salaries and a restructuring plan, a spokeswoman for the stateowned airline said.

Morocco's 14,000 rail workers ended a monthlong strike Friday after manage. ment of the state-run railroad agreed to meet some of their demands on pay and working conditions.

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Friendly Fire' Deaths: Many at Fault, or One?

By Dana Priest Washington Past Service

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Trans Borns

WASHINGTON — After 26 people were killed when U.S. fighter pilots shot down two U.S. military helicopters over northern Iraq, the Pentagon came to one broad conclusion: There had been "a shocking number of instances in which individuals failed to do their jobs properly," as General John M. Shalikashvili, chairman of the Joint Chiefs of Staff, put it.

Now. Captain James Wang has gone on trial at Tinker Air Force Base outside Oklahoma City for dereliction of duty. He is the only person involved in the incident who is being court-

The limited fallout from one of the most deadly friendly fire incidents in U.S. military history has incensed relatives of

view that accountability remains an elusive notion to the military elusive notion to the military.

The mains are elusive notion to the military elucitors elusive notion elusive not

"He is a scapegoat," said Joan Piper, the mother of Lieutenant Laura Piper, an intelligence analyst in one of the illfated helicopters who was visiting Kurdish villages in fied. northern Iraq. "He is being La charged when there were other people who were guilty and even more guilty. This is a consistent pattern: We undercharge or don't charge senior people and we overcharge in-

nior people." In the past year, charges against five airmen directly involved in the incident have been dropped, and three senior commanders have been promoted

or given good reassignments. An air force statement said that its "review process was consistent with procedures Captain Wang, in a tele-Congress established in the phone interview from his temthe victims and reinforced the Uniform Code of Military Jusporary legal office at Tinker Air dled."

the names of the people discicannot be independently veri-

Last June, the Pentagon announced that Brigadier General Jeffrey S. Pilkington had been relieved of his command of the operation set up in 1991 to protect the Kurds in northern Iraq.

This week it confirmed that General Pilkington will move from commander of the 86th Airlift Wing in Germany to become vice commander of the Air Intelligence Agency at Kelly Air Force Base in Texas. Some air force officials consider his move a step up, although his rank has not changed.

has been taken against several individual, otherwise the air made a scapegoat is the Depeople involved in the incident. force would blame themselves, But they have refused to release the institution." Otherwise, he report on the incident and some added, "they would have to go after the pilots, which is the mage of the air force."

Captain Wang was the super-visor of the crew on an AWACS surveillance aircraft that was supposed to monitor air traffic in a "no flight" zone in northern Iraq. He is charged with three counts of dereliction of duty and faces a maximum of nine months in prison, garnishing of wages and possible discharge.

An air force official who has followed the case said: "The air force is run by pilots, and the fighter mafia is deeply en-trenched and powerful. There is a lot of concern out there because this has not been handled

health care reform proposal, for possible

and a scaling back of his original middle-

class tax cut, administration and other

The officials said Mr. Clinton ordered

them to speed up work on options for a

new budget package to reach his desk hy

mid-June, as Congress returns to engage in a long summer of budget battles. The officials caution that the president

Lending weight to suspicions that Captain Wang has heen fense Department's 21-volume unusual legal decisions.

Four senior commanders of the mission to protect the Iraqi Kurds refused to testify at an initial investigation. The judge refused a defense request to allow Captain Wang's immediate supervisor and one of the pilots to testify in his Article 32 procccding, which is like a grand jury hearing.
One of the two F-15 pilots

who shot down the belicopters. Captain Eric Wickson, was granted immunity from criminal charges in exchange for testifying against the second pilot. Lieutenant Colonel Randy May. Colonel May initially faced 26 counts of negligent nomicide, hut the charges were dropped without explanation. Cbarges also were dropped against four of Captain Wang's fellow crew members on the Airborne Warning and Control System plane.

The Pentagon's investigation concluded that virtually everyone involved bungled their jobs. "The accident was the result of errors, omissions and failures in the procedures of Operation Provide Comfort, the performance of air units involved and the operation of equipment Defense Secretary William J. Perry said in a report.

No one told the F-15 pilots that the Black Hawk helicopters were flying in the area and were allowed in the no-flight zone. The helicopters and the jet fighters could not communicate with each other because they were on different radio frequencies, and helicopter transponders were not programmed to emit the proper "friendly"

The F-15 pilots were too far from the helicopters to identify them, and the AWACS crew never informed the F-15 pilots that U.S. aircraft were in the area or tried to stop the attack.

The military contends that Captain Wang, as senior direc-tor on the AWACS crew, did not properly track the helicop-ters and failed to tell the F-15 pilots that they were in the area. The captian's defense is that

the friendly aircraft signals had been off his screen for some time before the fighter jets ap-

Lawyers on both sides are under an unusual gag order not to discuss the case. Captain Wang is not, however, and has been defending himself on television stations and in newspapers across the country.

AMERICAN TOPICS

N.Y. Airport Railway Dropped as Too Costly

The Port Authority of New York and New Jersey has decided not to huild a railway from Manhattan to Kennedy International and La Guardia airports because of rising The 22-mile (36-kilometer)

rail line, at \$5 billion or more. would have been the largest new public works venture in the region in years. Its demise, says The New York Times, reflects the pressures of today, when public spending is a key political concern. The full 22-mile plan is dead," said George Marlin, the authority's new executive director. "It cannot be. We

don't have the resources for

Agency planners are studying construction of only one small part of the railway, perhaps from Manhattan to La Guardia. But without the full line, most travelers will be left with the expensive, time-consuming options they have had for years - taxis, huses or driving and parking at the airport for fees that can run \$18 a day.

Short Takes

Although most people say they would never dream of stuffing a pet after it dies, taxidermists say they are swamped with calls from bereaved owners, The Washington Post reports. "It's really increasing in popularity," according to a spokesman for the National Taxidermy Association. However, most taxidermists are reluctant to get embroiled with distraught pet owners, "Usually when people call, the pet has just died and they're really, really upset," said Brian Price, a taxidermist in Vienna, Virginia. "I tell people to put the animal in the freezer and call me hack in a couple of weeks." Usually that's the end of it. If not, stuffing a dead pet can be costly, from \$600 for a small cat or dog to several thousand dollars for a

Fifty years ago, Byron Nelson, playing out of Fort Worth, Texas, won 11 straight major golf tournaments, a record that has never been approached. The closest

Saint Bernard.

any other golfer has come was | ter taffy that has dislodged a

Justin Carroll, 14, concentrating during the final round of the National Spelling Bee. He won on "xanthosis."

Jackie Burke Jr., who won four straight in 1952. Mr. Nelson's stroke average for the final rounds, when the heat was on, was a mind-bog-gling 67.45. Today, at 83, erect and clear-eyed, Mr. Nelson recalls, "The final-round stroke average, that's really the reason why I won as much as I did.

Speaking of anniversaries, the boardwalk at Atlantic City is 125 years old this summer. Lined with souvenir and refreshment stands, with amusements and shopping arcades, it fell on hard times after World War 11, and even more when the casinos came along. But the boardwalk, six miles (10 kilometers) long and 60 feet (18 meters) wide. is making a comehack, The Associated Press reports. The pushchairs still roll and Fra-

linger's still makes the saltwa-

million fillings. The boardwalk was originally huilt he-cause restaurateurs and hoteliers grew tired of sand from visitors' shoes finding its way into every nook and cranny. Chris Galeczka, 13, of met-

ropolitan Detroit, won a S25,000 college scholarship by finishing first in the Na-tional Geography Bee in Washington. The final ques-tion was, "Pashu and Dari are the languages of which mountainous, landlocked country in central Asia?" The correct answer was Afghanistan. Justin Tyler Carroll, 14, of Wynne, Arkansas, collected \$8,000 worth of prizes for winning the 68th annual Na-tional Spelling Bee by correctly spelling "xanthosis," which means a discoloration of the skin.

International Herald Tribune.

POLITICAL NOTES

Disarming in Montana

BILLINGS, Montana — You promised to cooperate with Republicans, the quesioner reminded President Bill Clinton, so how come there's still so much quarreling in Washington?

He's done his best, Mr. Clinton said. But it seems those folks up on Capitol Hill don't always want so much to get along. "So here I am all dressed up and ready to cooperate," he said with a chuckle. "It takes two to tango."

The aw-shucks answer was disarming. and came on a day whose theme was disar-mament of another kind. And so at a televised question-and-answer session here and at appearances that began with his arrival Wednesday night, Mr. Clinton tried in folksy, conversational tones to take the edge off anger.

Yes, he said, he knows Montanans are upset about last year's crime bill, which included a ban on assault weapons that was heresy to many voters. But what about those people, he said in rejoinder, that show up in inner-city emergency rooms filled with bullets of the kind that ordinary age that includes options for a modest

guns don't produce?

"As president, I have to make laws that reduction in "corporate tax subsidies," fit not only my folks back home in Arkansas and the people in Montana, but the whole of this country," he said. "And the great thing about this country is its diversity, its differences, and trying to harmonize those is our great challenge." (WP)

Gingrich Begs Question

WASHINGTON - Newt Gingrich, the House speaker, says he would change his mind and campaign to become U.S. president in 1996 under certain conditions.

In an interview with Business Week magazine published Friday, he was asked if there were any circumstances under which he would decide to get in the race, he said: "Sure. Seven million people show up Tuesday morning with a draft petition and

Options on Budget Plan WASHINGTON — President Clinton has ordered up a broad new hudget pack-

has given only broad direction on what he wants - a balanced budget within 10 years and a way of offering a modest health care reform package as part of cost controls on Medicare and Medicaid. (WP)

Democratic sources said.

Quote / Unquote

Hillary Rodham Clinton, speaking at Brooklyn College commencement exer-cises about proposed cuts in federal fronds for education: "There are those among us who would knock down the ladders of opportunity after they themselves have already reached the top rung."

Away From Politics

 AIDS cases are increasing at a much faster rate among gay black and Hispanic men than homosexual white men, a new study said. The study of men who acquired the virus that causes AIDS through gay sex found that the overall rate increased by 30 percent nationwide between 1989 and 1994. While the rate for white males 13 and older increased 14 percent, it rose 79 percent for blacks and 61 percent for Hispanics, the study for the Centers for Disease Countrol in Atlansaved my life."

र (पेरे पार्की प्रक्रिकेट - ११४४)

 A judge awarded custody of a 15-year-old deaf girl to her school interpreter instead of to her father, who had refused to learn sign language. The judge said Sonya Kinney's parents had neglected her and the girl's father, Norman, had placed "his need to consume alcohol over his child's craving for affection and attention." Sonya said to her interpreter, Joanie Hughes, after the Wilmington, North Carolina, ruling: "I'm saved. You

for allegedly groping a 15-year-old girl on a plane trip from Australia, authorities in Los Angeles said. Israel Grunwald and Yehudah Friedlander, both 44, were arrested when they landed Wednesday. Rabbi Grunwald heads an Orthodox Hasidic congregation in New York City, where Mr. Friedlander is his assistant. said their lawyer, who called the allegations "ridiculous." The girl said one man reached inside her shirt and grabbed her breast, and the other later pushed his hand into her panties.

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THE ADEQUATE GENTLEMAN

EUROPEAN ARISTOCRAT...

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FOR A BLACTHITT THE TOXICIDER.

By Stephen Kinzer New York Times Service

BELGRADE - The Serbian president, Slobodan Milosevic, insisted on new concessions Friday before he will sign an accord committing him to step up pressure on Bosnian Serhs.

A U.S. envoy, Robert Frasure, met again with Mr. Milosevic to offer a deal under which crippling United Nations sanctions on Serbian-dominated Yugoslavia would be lifted. In exchange, Mr. Milosevic would be expected to recognize the Muslim-led government of Bosnia-Herzegovina, condemn the bostage-taking by the Bosnian Serbs, and take further steps to seal the border across which Bosnian Serbs are smuggling supplies from Yugoslavia.

Mr. Milosevic has been seeking relief from sanctions since they were imposed three years ago, and bas recently been told by his economic to be offering credits, but only if advisers that be must achieve that goal soon to Union agrees on providing them.

By Tom Buerkle

MESSINA, Italy — Europe-an Union foreign ministers paid hommage to the bloc's past on Friday, but laid out starkly dif-

ferent visions of the future as they kicked off long negotia-

tions aimed at building a Union that will stretch from the Atlan-

tic to the borders of the former

The ceremonial gathering was overshadowed by the

shooting down of an American

fighter over Bosnia, which dom-

inated a luncbeon meeting of the ministers and underscored

Europe's failure to turn its eco-

nomic union into an equally

Calling the war in the former

Yugoslavia "quite unaccept-able." Foreign Minister Hervé

de Charette of France said it was the Union's "sacred duty"

to extend peace and prosperity into Eastern Europe by taking

powerful political force.

Soviet Union.

yonal Herold Tribune

the one that plagued the country in 1993. Yet, be evidently senses the outside world's desire for a deal, and is calling on his well-honed negotiating skills in an effort to extract the best bargain

According to diplomats in Belgrade, Mr. Milosevic is seeking a permanent lifting of the sanc-tions rather than the 200-day suspension offered by Mr. Frasure, a deputy assistant secretary of state. He also wants the UN secretary-general, Boutros Boutros Ghali, to be responsible for deciding if Yugoslavia is meeting its commitments under an accord, not the Security Council. Officials in Washington said Wednesday that Mr. Frasure was prepared to offer such a

Mr. Milosevic also wants a commitment that after sanctions are lifted. Yugoslavia will have access to foreign credit. Mr. Frasure is believed to be offering credits, but only if the European

ments to cede considerable veto

cision-making into matters of

Foreign Minister Douglas Hurd of Britain indicated that London would resist those ef-forts, which many in Britain

fear would lead to a federal Eu-

Mr. Hurd was clearly on the defensive as several of the min-

isters reminded him of his coun-

when the British observer at the

the ambitions of the six found-

something results, it will be a

patronizing and pessimistic,"

The attitude of Britain was

centrated in Brussels.

the formerly Communist countries into the EU fold.

He called on national governments to cede considerable veto

He said the challenge would demand the same imagination cision-making into matters of

and boldness shown by foreign foreign policy, immigration and ministers of Germany, France, the fight against international

We have to be the founding rope with too much power con-

Work to that end will begin try's skepticism 40 years ago,

Saturday when personal repre-sentatives of the 15 member first Messina meeting dismissed

sion and European Parliament ing nations by saying, "Even if

begin discussing possible re-forms of EU institutions for leaders to consider starting next nothing will result: and even if

cooperation before extending Mr. Hurd said. "That is not our

the Union into Eastern Europe. attitude at the moment."

Finally, Mr. Milosevic is said to be insisting that Yugoslavia be allowed to import as much oil and petroleum as he deems necessary. Western governments are willing to give him access to fuel for factories and civilian vehicles, but are wary of fuel may be used for military purposes.

In the past, Mr. Milosevic has often made major announcements on weekends in the belief that doing so minimizes the possibility of sudden adverse reactions from the public. Some analysts here have therefore predicted that an accord may be only hours away. But officials close to the talks are more cautious.

The government-controlled press in Belgrade has been preparing people bere for a deal. In the past, the press was used to whip up sympathy for the plight of Serbs in battle zones, but in recent weeks it has taken a very different tack.

After the recent Serbian defeat in Western Slavonia, for example, no pictures of destroyed

Serbian homes or sobbing refugees were broad-cast here. And when NATO planes bombed Bosnian Serbian arms depots last week, the prin-cipal television station led its evening newscasts with a report on murals prepared for the planned providing a hlank check for fear that some of the Belgrade subway system; it mentioned the raids only briefly.

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In a series of public statements, officials close to Mr. Milosevic have taken an increasingly hard line against the Bosnian Serbs and their leader, Radovan Karadzic. In an interview with the German magazine Der Spiegel, released in advance of publication Monday, Foreign Minister Vladislay Jovanovic of Serbia described the hostage-taking by the Bosnian Serbs as "irrational

and unacceptable."
"I tell them that they can be paranoid as individuals or allow their families to be destroyed, but they have no right to destroy an entire people," Mr. Jovanovic said. "We are not going to allow a crazy man to prevent a clever man from arranging his international relations."



Radovan Karadzic, the Bosnian Serbian leader, being made up to go on television at his headquarters in Pale. He said Friday he wanted a goodwill gesture for releasing hostages.

Clinton Backs Vow To Aid UN Troops

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Agence France-Presse

WASHINGTON - President Bill Clinton said Friday that his position on Bosnia remained firm, and he voiced concern about the fate of an American pilot whose fighter jet was shot

"I want to reiterate and make absolutely clear that our policy on Bosnia remains firm," Mr. Clinton said.

The incident came as the administration was struggling to The incident came as the administration was struggling to define a new U.S. role in the Balkans after Mr. Clinton's announcement Wednesday that he was prepared to respond to a NATO request to send U.S. ground troops to Bosnia under certain circumstances. The shift toward possible greatured removement of the U.S. military drew criticism from members of Congress and others who said it could lead to the shedding of American blood. shedding of American blood.

Thomas W. Lippman and Ann Devroy of The Washington Post reported earlier:

Facing a strongly negative response in Congress to his offer to send U.S. troops to help UN forces in Bosnia, Mr. Clinton and his national security aides scrambled to allay criticism that the United States was being sucked into a dangerous new

commitment in the Balkans.
Senior administration officials said no U.S. ground troops would be sent into Bosnia for any reason without extensive congressional consultation. They also said the United States would not participate in a "rapid response force" being set up by Britain and France to support their contingents in the UN force.

The officials said Defense Secretary William J. Perry and the chairman of the Joint Chiefs of Staff, General John M.Shalikashvili, will attend a meeting in Paris on Saturday at which the nations whose peacekeeping troops have come under attack by Serbian forces will discuss their options in Bosnia. But they added that the United States will make no

troop commitment at the meeting.

It appeared that Mr. Clinton underestimated the impact of hiswords on Wednesday, when he said that he would allow the United States to help UN troops regroup inside Bosnia.

With the exception of Senator Edward M. Kennedy of Massachusetts who issued a statement of senator statement of senator statement of senators.

Massachusetts, who issued a two-sentence statement of support, virtually no one in Congress, in either party, endorsed the president's decision.

The administration has tried to draw a distinction between

The administration has tried to draw a distinction between offering U.S. ground troops to aid in UN repositioning, and the involvement of U.S. troops in the conflict between the United Nations and the Bosnian combatants.

Vice President Al Gore said: "We are not in any way attempting to create a situation where U.S. ground forces would be involved in Bosnia. That is not our policy. We are not in favor of that. We are not going to let that occur."

Senator Jesse Helms, the Republican chairman of the Foreign Relations Committee, said of the proposal: "Not on the proposal of the proposa

TIME: America's Cultural Vulture

my watch, Putting American soldiers in harm's way for a 'reconfiguration' of UN forces is totally and completely unacceptable to this senator."

SERBS: Credibility Is the Major Casualty for UN, North Atlantic Alliance and United States BOSNIA: U.S. Fighter Shot Down, 120 Captives Freed

knew where the threat was coming from In fact, we could al- adzic. most hear the tanks. This is no longer the case."

Sources at NATO provide a variety of complicated reasons for the West's inability to work out a coherent and effective response to the explosion of nationalism in the Balkans.

In essence, however, the exwill, which has been skillfully Britain favored the Serbs, large-trying to achieve in the former air strikes, the French opposing the same time

EU Focuses on a 'New Europe'

Italy and the Benefux countries crime.

when they met in this Sicilian

port 40 years ago to lay the foundations for the European Community, the Union's fore-

fathers of the new Europe," Mr. de Charette said. "Our objec-

tive is to bave a federal integra-

non of the people of Europe."

states, the European Commis-

Werner Hoyer pressed Germany's case for deepening political

Deputy Foreign Minister disaster."

Ministers Meet to Thrash Out a Vision for the Future

Another official at NATO rope. What is more, the Rusthe other hand, does not believe nia's Muslims. we are really prepared to go to war over Bosnia."

Bosnian Serbs. Radovan Karmon enemy: Germany and interests lay.

adzic. MATO of said: "During the Cold War, we Catholic Croats, The Ameri- said, "When you have a big is- ences between the two leading were willing to risk nuclear war cans, who are new to Balkan sue, on which there is no con-in order to defend Western Eupolitics, have tended to take the sensus on an acceptable range the ground and accountry whose

The disagreements among Balkan mess, these traditional clearly visible during its foreign and they have all been follow-

change of heart.

"NATO operates by consenble working.

exploited by the leader of the ly because they shared a com- Yugoslavia, or where its vital the idea, and the British expressing great reservations.

To a large extent, these difthe Germans to side with the sus," another Western diplomat ferences reflected the differrope. What is more, the Russians knew this, Karadzic, on to be the principal victims: Bos anism has a great deal of troubeen limited to the air.

"There are three active play-As Western leaders grew in The tactical differences beers in NATO — the British, the creasingly weary of the whole tween NATO members were French and the Americans — In essence, however, the explanations can be hoiled down to two: a lack of consensus in the alliance about the nature of the threat and a lack of American leadership. This in turn has caused a paralysis of political

The disagreements among western governments on bow alliances lost much their meaning.

But the differences among the Great Powers established an early pattern for the inability of the West to agree on what it was caused a paralysis of political

The disagreements among western governments on bow alliances lost much their meaning this week in the Netherlands, which was billed as yet another display of the Great Powers established an early pattern for the inability of the West to agree on what it was caused a paralysis of political

Historically. France and the Sarbe lavage to achieve in the former air strikes, the French opposing the same time.

targeted by the Serbs in the past

Serbs, who are fighting for land they believe to be theirs, have been prepared to match words with force in the belief that, as their military commander, Gen-eral Ratko Mladic, said recent-"Borders are drawn in

The Serbs have been able to expose the weakness of a shifting coalition of Western governments who have made endless declarations on Bosnia but never had any desire to sacrifice lives for the Bosnian state they recognized in 1992 and subsequently allowed to be dismem-

shop" if Western governments tried to mount a military operation to rescue them.

The response to the taking of

and awaiting a definition of its

new mandate. copters and Harrier jet fighters. Bosnia.

Britain is moving two battalions of light artillery and a bri-As part of the Western regade of armored engineers into sponse to the hostage-taking, central Bosnia, Colonel Coward the Clinton administration has said Friday that this force of moved 2,000 Marines aboard about 1,200 men would be in an amphibious assault ship place by next week. It is called the Kearsage into the equipped with twelve 105mm. Adriatic. The unit is equipped guns, the first artillery the Unit-with transport and attack beli- ed Nations has brought into

APOLOGY: Asia-Pacific Nations Wait as Japan Reflects on the Past

ing guilt but also reforming its education system to reflect history fully and ensure that young Japanese learn its lessons.

"We ignore history at our peril," said Paul Keating. Australia's prime minister, the most recent Asia-Pacific bead of government to visit Tokyo, "In particular, it will belo as Japan seeks acceptance and legitimacy for leadership in the region - a status which is in every practical sense Japan's due."

He said that "on this anniversary of the end of the war in the Pacific, Japan can make a very substantial contribution to the region's future if, as you decide upon the way forward, you also decide to confront the past."

Analysts said that Mr. Keating's comments, in a speech last week at Keio University, one of

cause they came from a country that has developed close postwar ues with Japan and wants to see a stronger Japanese role in the region.

Through trade, aid and in-Asia. Yet its political influence has lagged, and its involvement in helping to maintain regional security has been marginal be- and will never be repeated." cause many countries continue to mistrust Japan.

North and South Korea and Taiwan, which were Japanese colonies before the war, and China, which Japanese forces partly occupied from the early part of this century, are bitterly critical of attempts by Japanese rightists and nationalists to gloss over and revise history.

Many Southeast Asian coun-

Japan's prestigious schools, tries, which were Western colo- pendent military force to Recession Fears were particularly significant be-nies when Japan invaded, also want to see more evidence of a

Lee Poh Ping, professor of international politics at the University of Malaya in Kuala Lumpur, said Friday that an vestment. Japan has become the explicit apology for Japanese dominant economic power in aggression and colonial rule was important because it would send a clear signal "that wbar Japan did in Asia was wrong

> He said that such an apology was essential if Japan was to become "more accepted and trusted as a big power in the

As China becomes economically stronger and militarily more assertive in Asia, while the relative power of the United States is in decline, some countries in the region worry that stand and empathize with the Japan may rearm as an inde- hopes" of their neighbors.

counter China.

minister, noted that the Japa-nese were puzzled that previous ported Friday that new conapologies by their leaders had not erased the suspicions of

there has not been an open de-Germany," Mr. Lee said, "And the statements of several prominent rightisi Japanese leaders have given cause for fears that many Japanese in fact believe that Japan was a victim, not an aggressor.

He said that when such discordant voices ceased, countries in Asia and the Pacific would "then be assured that the Japanese people as a whole under-

struction rose 0.4 percent in April, the first increase this neighboring countries.

"The reason is simple; that actually fell from 5.8 percent in year. The unemployment rate April to 5.7 percent, although bate within Japan on its role in this was mainly the result of the war as there bas been in about 900,000 discouraged workers dropping out of the la-

> And few economists paused over April's 0.6 percent decline in the government's index of leading indicators that was reported Friday, even though this third successive monthly decline was supposed to signal a recession.

ing layoffs.

Exports, she said, were failing to respond to the cheaper

the economy to crawl back from its present "healthy correction" if the present increase in consumer spending of I percent doubled to its normal rate of 2 percent, and if capital spending recovered.

insecurity about job losses will cumulate." he said.

New York and London did not find the scenario of below-trend growth bad for the dollar. John Lipsky of Salomon

Brothers said the United States seemed to be leading the current world cycle of a growth pause and would resume moderate expansion, while "growth in Europe will disappoint."

Continued from Page 1 and I've got the power.... Shoot, shoot, shoot, shoot, shoot. I'm going to come all

tive) gun, me and my (expletive) Mr. Bennett said the directors needed to see the unexpurgated version and urged news-

papers to publish the lyrics. Mr. Dole, for his part, as-sailed such films as "Natural Born Killers" and "True Romance" and such groups as Cannibal Corpse, Geto Boys and 2 Live Crew, although his staff acknowledged that he had not seen the films or heard the

His remarks set off an angry counterattack from some in the film and music industries.

"Nine Inch Nails is a Grammy Award-winning, critically acclaimed artist who millions of people love," said Danny Goldberg, chairman of Warner Bros. Records.

"Why should a corporation listen to a bunch of middlebut irregular, moving Western aged people who don't like the music and don't listen to it, and involvement in Bosnia that ignore the people who do love it would be extremely difficult to and who do buy it? When you square with United Nations were a teenager, did 50-year-old peacekeeping.

"It is the height of hypocrisy peacekeepers, said Friday that for Senator Dole, who wants to the UN mission was "in limbo repeal the assault weapons ban,

Dieter Neumann, the federal

prosecutor in Berlin, declined

Mr. Weinrich, but the magazine

Focus said German agents were

in Aden when the arrest was

years all by ourselves," Mr.

Neumann said. "He's a Ger-

man citizen, and we feel respon-

arrest charge him in a 1975 at-

tack on a jetliner in Paris, a

1981 bombing at Radio Free

Europe in Munich, a 1983

bombing in Athens and the

bombing that year of the

French cultural center in West

A 1991 warrant for Mr.

Weinrich's arrest stemmed

from information in the files of

the dissolved East German se-

tered Carlos and his men. Mr.

Warrants for Mr. Weinrich's

sible for trying him."

made

Berlin.

to blame Hollywood for the viover Stone, director of "Natural Born Killers." "Hollywood did not create the problem of vioover you... Me and my (explelence in America."

Clive Barker, an author of horror books who has made his own "Hellraiser" stories into movies, said: "I'm not going to defend some piece of sleazy. scummy entertainment that's just done to make money. But if an artist wants to deal with violence or sexuality or images of darkness and horror, those are legitimate subjects for artists."

Timothy White, editor in chief of Billboard, said that while his music industry magazine had denounced some of the records, "for a politician to come along and start to criticize these things and admit he hasn't watched or heard them is fundamentally dishonest."

For Time Warner, the dilemma is an increasingly familiar one. It was Time Warner that was behind the rap group 2 Live Crew, whose 1990 conviction for obscene lyrics was overturned on appeal. It was Time Warner that produced the rapper Ice-T. whose song "Con-Killer" triggered a furious pro-test in 1992. It was Time Warner that published Madonna's sexually explicit pictorial book, "Sex." It was Time Warner that distributed "The Jenny Jones Show," which came under fire when a guest was charged with shooting a homosexual admirer with whom he was confronted on the pro-

The stakes are considerable. Time Warner's top-selling music division holds about 25 percent of a \$12 billion domestic market. Its labels include the flagship Warner Bros. as well as Atlantic and Elektra. What's more, music provided \$4 billion of Time Warner's \$16 billion in

"We've searched for him for revenues last year. Irish Say Queen

Could Visit Next LONDON - A trip to Dublin this week by Prince Charles

helped the peace process in Northern Ireland and coult pave the way for a visit by Queen Elizabeth, the Irish foreign minister, Dick Spring, said Friday. The prince was the first mem-

ber of the British royal family to make an official visit to Ireland since a separate lrish state was (AP. AFP) established in 1922.

thumb of the Chinese Communist Party. which has sought to supplant the church with the official Catholic Patriotic Association, an organization whose first lovalty is

to Beijing and the party. Despite Beijing's efforts, there are about 400 underground priests and about 20 bishops loyal to the Vatican in China. church sources estimate. Major pilgrimages take place both here in Dong Lu and on a hillton outside Shanghai. Private companies help finance the unofficial church and hold meetings to spread the Vatican's teachings. Itinerani missionaries visit rural villages. In some villages in the Tianjin area, up to 90 percent of the people, including party members, reportedly are Catholics

Various estimates place the number of Catholics in China at from 6 million to 12 million, far more than the number when the Communists took power in 1949, Even the higher figure would be only about I percent of the Chinese population; none-theless, the survival of Chinese Catholicism carries an important message about the state of China today after 17 years of economic change under Deng Xiaoping. the senior leader.

"When the reforms came along, people strived for material improvement because they were very poor," said a high-ranking leader of the unofficial Catholic Church in China, "People chased after money. For the past few years, economic conditions improved a lot, yet that cannot satisfy people's spiritual needs. People felt a void

CHINA: Catholics Flourish in the Underground Despite Beijing's Pressure inside and have had to seek satisfaction elsewhere.

The official added: "If a person has no religious beliefs, be can't be a moral person. If he's not a moral person, be cannot live in a moral society.

The flourishing of the underground church also shows the limits of Communist Party power. Forty-five years of atheist government has not wiped out people's faith. As an elderly Catholic woman said outside a state-run church and seminary in Chengdu after proudly showing off a pho-to of Pope John Paul II, "What can they do to me that they haven't done already?"

Catholics loval to the Vatican have lived in danger ever since the Communist takeover. Initially, the Communists cut off foreign funds to the Catholic Church. The party then set up the Catholic Patriotic Association, which is now under the United Front Work Department, a party agency charged with controlling nongovernmental organizations.

In 1955, Bishop Ignatius Gong Pinmei of Shanghai, appointed by the Vatican in 1949, refused to cooperate in setting up the Catholic Patriotic Association. He was charged with espionage and sentenced to life in prison in 1956. Paroled in 1985 and elevated to cardinal in 1991, he is 92 and lives in a Connecticut rest home.

In 1957, the final rift with the Vatican took place when the Catholic Patriotic Association named a bishop without Rome's consent. Many Catholics were persecuted in the anti-rightist campaign that year and the

next. A priest in the unofficial church said

that he was branded part of a "counterrev-

olutionary group." put under house arrest for eight months, then sent to a labor camp to work in a clastics factory. For four years he said Mass by himself every day in his

During the 1966-76 Cultural Revolution, even priests who had collaborated with the Communists suffered for their religion. Many churches were destroyed along with other ancient buildings and

Under Mr. Deng, a new chapter began. The Catholic Patriotic Association was allowed to rebuild churches and reopen six seminaries to train new priests. In the 1980s. Nanjing Seminary theorists argued that religion could be compatible with socialism and that unofficial church congregants could also be patriotic. Government think-tank theorists said in background interviews last year that religion and socialism share the goal of improving people's lives.

But the Chinese government continues to enforce its own commandment against questioning the ultimate authority of the Communist Party. Dozens of clergymen who have violated that rule have gone to

One activist in the unofficial church recalls the moment he parted with the Communist-run establishment. After six years of seminary training, he was asked to sign a statement pledging loyalty to the Catholic Patriotic Association, Instead, ne declared that the Chinese church was independent under the leadership of the Pope. Told to change his essay, he wrote, "under the leadership of the sons of Peter." He was not allowed to graduate.

ECONOMY:

On a visit to Tokyo, Lee

Continued from rage I

Kuan Yew, Singapore's senior and declining industrial pro-

bor force.

What is bappening in the industrial sector, said Allen Sinai of Lehman Brothers, is that more aggressively managed fac-tories are reacting far more quickly than they once did to slowing orders, so that there is "a compression in time" of the normal retrenchments produc-

Audrey Freedman, a consulting labor economist, spotted employment declines in factories producing machines and consumer goods. Jobs in the computer business — the stars of the U.S. economy - barely held their own.

dollar, and "for the past two months I have smelled Mexico all over these weak employment figures, and I still do." Mr. Sinai raised his recession risk from 15 percent to only 20 percent, but he said he expected

There's always a risk that

Curiously, analysts in both

Continued from Page 1 moment of extreme tension in Bosnia and appeared likely to hring the often divergent American and European perceptions of the war together around the fact that the United States, Britain and France have all been

It was unclear, however, wbether this extreme Serbian provocation would push allied governments into direct military confrontation with the Bosnian Serbs that they have

long sought to avoid.

blood.

Mr. Karadzic has said he was holding the hostages --- whom he calls prisoners of war - as insurance against further NATO attacks. On Wednesday he had threatened a clash "that would resemble a butcher's

the hostages has been massive countries closer to a military

peacekeeping.
Lieutenant Colonel Gary
Coward, a spokesman for UN

Terrorist Partner of Carlos Held in Yemen Faces Trial

Compiled by Our Staff From Dispatches BONN - Johannes Weinrich, the right-hand man of the to discuss what role Germany terrorist known as Carlos the might have played in locating Jackal, will be tried in Berlin on charges dating back 20 years, a prosecutor said Friday.

The German Foreign Ministry said Mr. Weinrich, 47, was arrested by Yemeni authorities Thursday outside the southern city of Aden.

But in San'a, the capital, gov-ernment officials said Friday that Mr. Weinrich had been arrested by Yemeni policemen "several months" after the end of the Yemeni civil war in July 1994. They said they had not wanted to announce the arrest at the time in order to question Mr. Weinrich.

"Yemeni authorities officially informed their German counterparts on Wednesday," a Ye-meni official said, adding that "preparations were under way cret police, who at times shelto hand over the terrorist to German authorities."

Backs Vok Rabin Confident on Golan Plan Troops Prime Minister Sees Israelis Backing Pullout

JERUSALEM — Prime Minister Yitzhak Rabin says he believes most Israelis will support a withdrawal from the Golan Heights in exchange for peace with Syria even though contains and appropriate security arrangements. It said 29 percent backed such a deal.

"Even today, when everything is still hypotential and appropriate security arrangements." for peace with Syria even though opinion polls

for peace with Syria even though opinion polls show they oppose a pullout.

"I am not worried," Mr. Rabin said in an opinion polls interview published by the newspaper Ma'ariv is on Friday. "This is a tough struggle, but I believe at the people want peace,"

Peace talks between Syria and Israel are stalled over the issue of the Golan Heights, which Israel seized in the 1967 Middle East War.

Damascus wants a full Israeli withdrawal, but Mr. Rabin stressed that the final pull-back line had to be negotiated.

"Even today, when everything is still hypothetical," Mr. Rabin said, "the situation is not bad. If they tell me that 55 to 58 percent are opposed, in a situation in which the sort of peace is still not known — the timetable, the security arrangements — that seems to me a reasonable

On Thursday night, President Hafez Assad of Syria ruled out high-level talks with Israel and said meetings between ambassadors in Washington were an appropriate forum.

had to be negotiated.

A poll by the newspaper Yedioth Ahronoth showed that 58 percent of the 501 Israelis surveyed opposed a total withdrawal in return for minister."

Speaking in Damascus after meeting with President Hosni Mubarak of Egypt, Mr. Assad said: "Peace is peace whether it came through an ambassador, a president of state or a foreign minister."

Austria Sets Up Nazi Victims' Fund In a Step to Make Amends for War

VIENNA - Fifty years after the end of World

War 11. Austria has taken a step toward confronting its wartime past hy creating a 500 million schilling fund for Nazi victims.

Parliament passed legislation creating the \$50 million fund Thursday night, and lawmakers said it showed that Austrians were finally facing the a chapter of their history many have been up to a chapter of their history many have been

trying to forget.

Deputies from most political parties, including the far right, backed the government bill to establish the fund for some 30,000 people who were thrown into concentration camps because they were Jews, Communists or homosexuals

and for those who fled into exile.

This is recognition that Austrians participated in the crimes of National Socialism," said Peter Kostelka, parliamentary whip for the governing Social Democrats.

Volker Kier, a Liberal Forum member of Parliament, said "this law is 50 years overdue."
Paul Grosz, leader of Austria's Jewish commu-

nity, said the fund could help "solve the prob-lem." But he complained that individual victims do not yet know how much compensation they can receive, and those who live abroad have not

been told how to inquire about it. He said the fund's regulations are "extremely difficult for the victims to deal with."

The leftist Greens, who hranded the 50-year delay a national disgrace, voted against the hill, arguing that the money being offered was a

The Greens had demanded that the government make 1.5 hillion schillings (\$150 million) available over five years.

About 200,000 Austrian Jews fled the Nazis or perished in concentration camps. Nazi Germany

nnexed Austria on March 13, 1938

Only a few hundred of the 300,000 Jews living in Vienna before 1938 survived until Soviet troops captured the city in April 1945.

After the war, many Austrians chose to see themselves as the first victims of Nazism. They suppressed memories of the masses who cheered German troops marching into Austria, of Jews who died in the Holocaust, of Austrians who zealously took up arms and of others who were

responsible for Nazi atrocities. Under the law, compensation would go to people who were persecuted on grounds of race, religion, nationality, sexual orientation or health. Recipients must have lived in Austria hefore the annexation or have been forced to flee earlier, or be children of people sent to concentration

Austria already had programs for compensating Nazi victims, but it was hard to qualify. The fund is intended to improve that. (AP, Renters)



DRAGON BOAT TIME IN HONG KONG — Competitors in the annual dragon boat races in Hong Kong paddling furiously Friday. Dozens of boats race each year.

BRIEFLY ASIA

UN Women's Conference Faces Many Agenda Rifts

NEW DELHI — United Nations officials said Friday that some of the nations taking part in the Fourth World Conference on Women objected hitterly to portions of the draft agenda, but that they expected to reach a consensus.

A consensus has not been reached on 45, maybe 40 percent of the document," Patricia Licuanan, who is leading the UN Commission on the Status of Women, said at a news conference. The Fourth World Conference on Women will be held in Beijing in September, with 185 nations taking part.

will be held in Beying in September, with 185 nations taking part.

The disputes revolve around religious and cultural, economic and political issues, she said.

"First, we have religious and cultural areas, or the religious fundamentalists versus the secular," Ms. Licuanan said. Sections on reproductive health and rights, family values, and the use of words like "gender" and "feminist" were contentious.

contentious.

"Then, there are economic issues, where developing and developed countries disagree on poverty, economic growth, foreign debt, aid and sustainable development," she said.

"And there are political issues — conflicts between the more authoritarian and more pluralistic states," she said.

(Reuters)

Progress Foreseen on Timor

STADTSCHLAINING, Austria — A key delegate to talks between Indonesia and East Timorese activists said Friday that they would not resolve the 20-year dispute over the territory but

Indonesia invaded the former Portuguese col-ony of East Timor in 1975 and annexed it a year later. The UN does not recognize Indonesian sovereignty over the territory.

4 Manila Officers Quit

MANILA (AP) — Three police generals and a colonel implicated in the alleged summary slayings of 11 accused robbers have resigned after murder charges were filed against them. Brigadier General Panfilo Lacson, task force commander of police units working for the Presidential Anti-Crime Commission, told a Senate committee Friday that he was resigning his post after the hearing.

General Lacson, a highly decorated officer, refused to answer the Senate committee's questions about the May 18 slaying of the accused

He and the other officers reported that the 11 were killed in a gun hattle with investigators

while trying to escape.

But Sergeant Eduardo de los Santos, who was with the officers, later said the 11 were summarily executed after they had been arrested. A second policeman supported his claim. (AP)

For the Record

A swimmer was killed by a shark off a Hong Kong beach Friday in the second death from a suspected shark attack in three days, the police reported. They said the latest victim was a 29year-old man.

On Thursday, the body of Tso Kam-sun, 44, a teacher who represented Hong Kong in the 1970 Asian Games in swimming, was found off Saint (48)

resolve the 20-year dispute over the territory but resolve the 20-year dispute over the territory but could improve relations between the two sides.

Lopes da Cruz, the Jakarta-backed ambassador at large for East Timor, said he hoped that four days of UN-sponsored talks, which begin here Saturday, could improve ties, in particular inver economic and cultural issues.

"It's quite a historic meeting," he said, "It's the "It's quite a historic meeting," he said after arriving in Stadtschlaining, 140 kilometers after arriving in Stadtschlaining, 140 kilometers are meeting," he said in New Delhi on Friday, the Railway Ministry said in New Delhi on Friday. They died when the Jammau-Tawi express collided with a freight train near Kahubathan station on the border of the successful if we can create a climate of understanding."

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THE PHILIPPINE SUMMIT Manila, September 27-28

THE NEW FRANCE: IMPLICATIONS FOR GLOBAL BUSINESS Paris, October 16-17

THE UNITED GERMANY: IMPACT ON BUSINESS & THE ECONOMY. Berlin, October 19

THE BALKANS INVESTMENT SUMMIT Athens, October 30-31

🖸 Oil & Money

London, November 2-3

MERCOSUR: INVESTING IN INFRASTRUCTURE Brazil, November 27-28

THE MALAYSIA SUMMIT Kuala Lumpur, November 29-30

🛄 GLOBAL FUND MANACEMENT Singapore, December 4-5

GULF INVESTMENT SUMMIT

Kurcait, Early December*

*Exact date to be decided.

For further information about any of the above conferences, please telephone or fax

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THE WORLD'S DAILY NEWSPAPER

Gauguin's Appeal to the Russian Avant-Garde

By Roderick Conway Morris

ERRARA, Italy -- Gauguin achieved critical success in his lifetime, but never reaped the financial rewards. His first trip to Tahiti (1891-93) convincingly proved the unique qualities of his gehibition only 11 of the 44 canvases found huyers.

47 pictures sold at another show, he returned to Polynesia, produced the remaining series of paintings that were to confirm him as one of the great arrists of all time, and died in the Marchesas Islands, disillusioned and in dire poverty, in 1903.

Unknown to Gauguin in his remote Pacific isolation, while buyers in westem Europe remained reluctant to invest in his paintings even at the modest prices at which they were then offered, an immensely wealthy Moscow col-lector, Michail Morozov, had become an ardent admirer of his work, soon to be joined by his brother Ivan and another connoisseur. Sergei Shchukin. Such was the enthusiasm of these three that, within less than a decade, they made Russia an unparalleled depository of the artist's work.

The story of this flurry of Russian interest in Gauguin and the consequent impact it had on the country's own anists is the subject of a very attractive and instructive show. "Paul Gauguin and the Russian Avant-garde." featuring a dozen superb Gauguin canvases. most of which have never been loaned before, as well as bronzes, woodcuts, drawings and Russian works, at the Palazzo dei Diamanti (until 2 July).

Sensibly the exhibition catalogue. with its excellent introductory essay by Albert Kostenevich of the Her- cautious character, Ivan fell equally

travel to Italy.

Both the Morozov and Shchukin to come to Russia. fortunes came from textiles, which the former family manufactured and the latter were traders in.

Varvara Aleksivna Morozov, mothnius - but at his homecoming ex- er of Michail and Ivan, was a strong-Two years later, after only 9 out of seem to have produced a contrary re- sia, he was a more naturally-gifted action in her sons, who espoused deeply conservative views. Michail Morozov (1870-1903) was a flamboyant, larger-than-life figure, a writer of articles, history and novels, and a bon vivant who once lost a million rubles in a single night at cards. Through generous donations Michail managed to have himself elected to the Synod of the Kremlin's Assumption Cathedral

> verse when it came to col-Having bought Manet, Renoir, Degas and Monet, he took a strong fancy to Gauguin's work, and in 1900-01 became the first non-French purchaser of the anticle of the control of the artist's canvases. Triumphantly of the principal attractions of the house, bearing "Tarari Maruru" (Landscape with Two Goats) and "Te Vaa" (The Canoe or Tahitian Family) back from Paris, Micbail reveled in the idea of 'astounding all Moscow'

After Michail's premature death in 19211 followed in his footsteps, acquiring Impressionist works. And, though an infinitely more sober and mitage in S1. Petersburg, contains under Gauguin's spell, In 1907 alone sumptuous illustrations of all the Rushe bought eight of his canvases, and

sian Gauguins (many of which are the following year "Café at Arles," little known in the Westl, including from the artist's brief and tempestuous those that were deemed too fragile to stay there with van Gogh in 1888, the first of Gauguin's non-Tahitian works

Meanwhile, Shchukin was taking an interest in Gauguin, buying his first canvas in 1903. A vegetarian of simple habits, who preferred to walk rather willed, progressive, free-thinking gun collecting in the 1890s. The first to blue-stocking, but her liberated ideas seem to have produced a seem to ha connoisseur than the Morozov brothers. As Matisse later recalled, comparing Shchukin and Ivan Morozov's visits to a Paris dealer: "When Ivan Morozov went to Ambroise Vollard, he used to say: I'd like to see a really lovely Cezanne . . . Sbchukin would ask to see all the Cézannes and make his own choice."

Shchukin eventually bought 16 (and, having achieved his aim of annoying his mother, he resigned shortly after).

Significant Society of an example of any one canvas, for which, earlier in the same year, shortly before Gauguin's death, the artist had been offered a REACTIONARY in pol- mere 1,100 francs. Shehukin daringly itics. Michail was the re- decided to display his entire Gauguin collection on one wall of his palatial lecting contemporary art. dining room — "the pictures so close bought Manet, Renoir, Degas together that it was impossible to tell which was open every Sunday so that the public could enjoy the collection.

The Shchukin ''icooostasis' points up one of the possible reasons for Gaugin's special appeal to the Russians. The sheer exoucism of the Tahioan pictures was certainly part of their 1903, his younger brother Ivan (1871- attraction, but the artist's ricb, warm of four pictures "Gathering the Fruit," palette, his strongly delineated human forms and the yellow-gold back-grounds suggestive of Paradise — all key elements in Eastern Orthodox art -also, perhaps, struck a deep, if not fully conscious, chord.



Paul Gauguin's "The Idol." painted in 1898.

reveals, the sudden influx of so many Gauguins had an immediate and force- of 1909. ful influence on a number of young Russian artists. Particularly impressive is the manner in which some of them, though clearly inspired by the French artist, managed to absorb his lessons and still produce works very

much their own. Natalya Goncharova (1881-1962). for example, took up Gauguin's Tahi-Eden, innocence and sin, and produced between 1907 and 1909 a charming set where, despite the bold outlines and bright, blocked-in colors, the Russian are captured with considerable sub-1964) echoed, but thoroughly domes- work.

As the second part of the show ticated Gauguin's still-lives and rustie veals, the sudden influx of so many backdrops in his "Window, Tiraspol"

الرائية المراكز والمستقرم حين والإنتهار المنظار المعارف والرائع المعارف والمعارف والمعارف والمعارف والمعارف وا المناطقة المناطقة المناطقة المناطقة المناطقة والمناطقة والمناطقة والمناطقة والمناطقة والمناطقة والمناطقة والمن

It was the Morozov and Shebukin families' ultimate intendon to bequeath their collections to the nation, but their plans were overtakeo by Bolshevik expropriation (and the great contribution they had made was de-liberately obscured). During the 1930s the collections began to be divided between the Hermitage and the tian fruit-picking sceoes, with their un-derlying symbolism of the Garden of cess completed after World War II. Meanwhile, judged politically incor-rect during the Cold War, Gauguin's canvases were loog withheld from public view. Thus it is only in more receot years that the Russian public peasants' body gestures while at work has been able to rediscover the richness, both in quality and quantity, of tlety. And Michail Larionov (1881- their legacy of this marvellous artist's

Windsor Castle On Mend, After Controversy

By Peter Watson
New York Times Service

ONDON - Windsor Castle is probably the most beautiful and best-known asset Britain's royal family possesses. So, when the building was disfigured by fire, in November 1992, people everywhere were touched by the accident.

Now, two and a half years later, Windsor Castle is on the mend. All the damaged rooms are scheduled to be finished by the spring of 1998. The restoration should have been one of the most interesting architectural projects in the whole country. When the plans were recently announced for the new designs at Windsor Castle, there were groans and yelps from the

modernists. The plans approved by the palace were denounced as "ghastly," "suburban" and "a Gothic shocker."

Roderick Gradidge, a modernist architect, even produced radical plans for striking new structures at Windsor Castle using glass and other modern materials. These would have had a similar visual effect on the building that L.M. Pei's glass

pyramid has had on the Louvre in Paris. And would have proved equally controversial. The fire was caused when either an arc light or a trans-

former belonging to workmen doing ordinary refurbishments set fire to a curtain.

ARLIER this year the final plans for the new rooms, worked out between the winning firm, Sidell Gibson, and the Prince Charles's design committee, were revealed. Modernist architects despaired that the designs were not more radical.

Whether you regard the solution as a surprise, as sympathetic to the rest of Windsor Castle, as suburban or as "something else" - all words used to describe the decision - almost certainly depends on where you stand on modern architec-

Modern architecture is, as we say, not everyone's cup of tea in Britain, More important, it is not Prince Charles's cup of tea. It was be who described a proposed addition to the National Gallery in Trafalgar Square as "a carbuncle on the face of the nation.

His view prevailed and the extension was redesigned before it was built. Since Prince Charles is chairman of the committee that chose the winning architects and had great influence over the finished designs, it is scarcely surprising that those designs have disappointed the modernists.

And yet Giles Downes, the bearded, soft-spoken partner of Sidell Gibson, disputes the suggestion that his designs are not modern. They are not modernist maybe, but, he says, they are

The company suggested three things: widespread use of the ogive, or Gothic arch, and Gothic geometry, the use of medieval allegory and symbolism for the proportions and decoration of the new rooms and the use of natural materials - especially timber -- rather than modern or industrial synthetics.

A good example of the use of Gothic ideas is seen in the most striking of the three new structures that Sidell Gibson is building: the octagonal antechamber, partly on the site of the old private chapel, between St. George's Hall and the Crimson Drawing Room. Its very shape, an octagon, is a medieval

The centerpiece of this octagon is a timber umbrella made of eight oak columns, each supporting a fan of 25 ribs of carried oak in the form of giant leaves, also arranged according to medieval geometry.

HE floor of the octagon will be inlaid timber of different colors again arranged according to medieval number symbolism but this time all related to the Order of the Garter.

Thus there will be 26 small octagons set within an eightpointed star. The 26 octagons refer to the 26 Knights of the Garter, with the eight-pointed star being the badge of the Garter and the symbol of the material world. The octagon will house paintings from the royal collection.

The new private chapel, replacing the old Holbein Room which held the artist's royal portraits, will have as its chief feature a Gothic vaulted ceiling, each vault formed as if from angels' wings. These will be fashioned of steam-bent ash

This is perhaps the most risky of the new structures. It could look striking. It might resemble a chapel in Euro Disney.

Rise of the Modern Art Market." wrote this for The New York

An Artist Takes Vietnam to the West and Back Again her work in postwar Viemam, in museum in Hue to exhibit some

By Carey Zesiger

O CHI MINH CITY "It moves. It's alive. It's not a still Merveilles de la Mer': everything which is not human, but lives. The important thing is that is lives.'

With her gray hair pulled back in a ponytail and wide. flashing eyes. Diem Phung Thi launches into an animated ex- classes in applied art. "I've had planation to a young French several lives," sbe says. "One visitor at a recent exhibition of is richer that way." her sculptures and collages in Ho Chi Minh City. At age 75 — outlook, such varied lives are not with the mercury hovering at 35 always easy to reconcile. "I live degrees centigrade (95 degrees in France, but I am Vietnamese Fahrenheit) in the shade — she seems unstoppable.

The Frenchman admires the seated Buddha she wears on a heavy chain around her neck. the Chinese, used to write

and fold them up into tiny little packets which they carried against bad luck, "she explains. "That is my sculpture. It is go-ing to guard against bad luck." Life has brought her a healthy

dose of luck, both good and bad. She was paralyzed in 1948 after receiving an injection of Vitamin C and airlifted to France for treatment. She stayed on to study dentistry, but found her calling in sculpture some 20 years later when she took a few

Even with her philosophical and the feel of being Vietnamese is even more accentuated abroad than at home."

In the art world too, cultural differences can be vast and difpart of a series of jewelry designs she has on display. You can fit herself into a tradition of should wear it on you like a modern and contemporary prayer," she advises. "In the artists, drawing inspiration from into her personal expression.



Rath Chalande

Diem Phung Thi showing some of her sculptures.

accommodate her so easily. In a over and over like characters country where the artist's role. from a personal alphabet. until quite recently, has been to support the Party and its struggles against foreign aggressors. her strident individualism sounds a virtual call to arms. Her old days the Vietnamese, like diverse sources and fusing them art is about playful experimen past." she says. tation, building meaning out of

Sometimes people complain they don't understand. they don't know what to make of me, but they feel something. something of Viemam, of the

Ironically, she became one of things on little pieces of paper But Vietnam's art world cannot simple shapes by repeating them the first Western artists to show

hibiting her work in Saint-Eti- tours and workshops aimed at enne when Prime Minister Pham encouraging creativity in Van Dong arrived in France on young arrists and school chilan official visit in 1977. Thinking the exhibit had been staged in his honor, he issued invited her to bring her work to Hanoi. "Art in Vietnam is very her to bring her work to Hanoi. "Art in Vietnam is very her to bring her work to Hanoi." She says she "jumped at the opportunity," making arrangements for an exhibition through They offered her a sleepy little any value," any value."

As Vietn swamped. The parking aftendant outside counted six or sev-

en hundred bicycles a day,
"I was a big splash," she recalls, 'because the country was not open yet. It had never been done. There were no for- she says with a note of exaseign things here and I displayed peration. "I think this country works that were completely for-eign. At the time, Vietnamese nations, and I think this is truly, art was exclusively Socialist truly a shame because the Viet-Realism and I came along with one was intrigued to see it.'

Even today as the arts in Vietnam become freer and more open to influences from outside. Diem still feels somewhat out of place. She has established an art foundation and

1978. She happened to be ex- of her own works and conduct dren. Still, she feels she is engaged in an uphill struggle.

sculptor here has to spend a lot of time to earn a diploma and in this country whatever does oot the state Artists' Association, have a diploma does not bave

As Vietnam opens its doors dozen visitors a day. She filled it wider to foreign investment and with an eclectic assortment of sets its sights on development sculptures and suddenly it was and modernization, Diem has begun to look back to the simpler things in life. "There are people who speak of history and others who think only of modernity," she says.

"This is the modern world," namese are a very poetic people, something different and every- a very romantic people, but people skip over this. Because to be a true romantic is to be of the 19th century and here they are preparing for the 21st century."

> Carey Zesiger is a journalist who writes about Asia.

Exhibition 6 June - 8 3 Early Chines 8th century i

rather in the manner that rowboat oars are made.

Peter Wotson, author of "From Manet to Manhattan: The

auction sales

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- Friday, June 9, 1995 -

Room 15 at 2 p.m. - FURNITURE AND OBJETS D'ART. MILLON-ROBERT, 19, rue de la Grange Bâtelière. - Friday, June 16, 1995 -

Room 7 at 5 p.m. - OLD MASTER PAINTINGS, Expert: M.E.

Turquin. On view: Thursday, June 15, from 11 a.m. 10 b p.m.

Friday, June 10, from 11 a.m. to 12 a.m. Please contact: Plorence Grassianoux (ext. 347). Enide TAJAN, 37, rue des Mathunas, 75008 PARIS, Tel + (1) 53-30-30-30 - Fax: (1) 53-30-30 – Saturday, June 17, 1995 — Room 9 at 2.15 p.m. - ENCEPTIONAL BOWS: VIOLIN.

12 a.m. Etude TAJAN, 57, rue des Mathurins, 75008 PARIS Tel. (1) 55 50 50 50 - Fax. (1) 55 50 50 51. In MIW Wild please contact Ketty Masonovage & Co. Inc. P. Fast 65th Street, fifth floor, N.Y. 10021, Phone. (212) 737-35.

ALTO, CELLO OF GREAT FRENCH MASTERS Expen M.E. Vatelia (Tel. (1) 45-22-17-25). On view: Friday, June 16.

from 11 a m to 6 p m. - Saturday, June 17, from 11 a.m. to

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- Monday, June 12, 1995 — Salon "Vendôme" in 8 p.m. ~ MAJOR OLD MASTER PAPATYON - Andre GENERAL CONFERENCE AND OTHER 1000 TOPS Espen M.T. Juiquin Circules. Hotel George-(8) Salon, Vendome CSaturday, June 10, Irom 2 p.m. to 8 tom - Standay, hone 11. Ironi 11 a.m. to 8 p.m. - Monday, June 12 from 11 a.m. to 8 p.m. Flease contact: Horence Gassagnory text 317 Ende TAJAN, 37 me des Mahinns िक्त ("NES Tell (1) देव का बाजा की कर की देव आप का है।

Tuesday, June 13, 1995 --

Salon "Vendöme" at 3 pm - FROM A PRIVATE PROPERTY, FINE 17th, 18th, 19th Cent. FURNITURE AND OBJETS D'ART, Expens, MM, O. Le Fuel and R. de l'Espèc. M. J.P. Dillee, M. G. Dillee, M. J. Sama-Bro. On view, Hôtel George-Y (Salon, Wendome). Saturday, June 10, from 2 p.m. to 8 p.m. - Sunday, June 11, from 11 a.m. to 8 p.m. -Monday, June 12, from 11 a.m. to 5 p.m. Please contact Catherine Yaiche (ext. 321). Etude TAJAN, 37, rue des Mathums, 75008 PARIS (Tel., 11) 55 30 50 50 50 - Fix (1) 55 50

Salon "Vendôme" ia 8 p.m - IMFORT VIT Prin and Diff. Cent. PAINTINGS AND SELEPTURES FROM Rene de-Montaigu, Mrs. A. ESTATES AND OTHER COLLECTORS. Experts Cabinet d'expertises Camard, MM, à Paenti and A. de Louvencourt, Mrs. M.A. Prat, M.F. Badie, On view, Hôtel George-V (Salon "La Paix"), Saturday, June 10, from 2 p.m. to 8 p.m. - Sunday, June 11, and Monday June 12, from 11, a.m. to 8 p.m. Please contact. François Taian (ext. 520) Christine Dayonnet text, 3543 or Fabrence Garcia text, 5553 Erude TAJAN, 37, rue des Mathanne These PARIS, Tel. (1) 53 30 30 30 - FAX (1) 53 30 30 31.

-Wednesday, June 14, 1995 -

Salon "La Paix" at 3 p m - IMI" RETAINT GROUP OF PORCELAIN OF MOUNTIERS - 18th Cent. EL ROPEAN AND FRENCH PORCELAIN, Expert ALG largery existed by Louis Lefebyre con years Hotel George-V (School Vendome 's Saturday Juny 19, from 2 p.m. to 8 p.m. -Sunday, June 11, from 11 am was p.m. - Senday, June 12, and Tuesday June 13 to an 11 am 3, 5 p.m. Please contact. Catherine Yaiche (ext. 321) Etude TAJAN, 37, rue des Mathurius, 75008 PARIN Tel. (1) 55 26 50 50 Feb. (1) 53 30 50

— Friday, June 16, 1995 —

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1939: The Lost World of the Fair

By David Gelernter. Illustrated. 418 pages, \$23. Free Press. Reviewed by Christopher Lehmann-Haupt

ONSIDERING that the 1939 New York World's Fair envisioned a future of cars. superhighways and technological triumph, one can understand why a contemporary ob-

David Gelernter does in his new book, "1939: The Lost World of the Fair," which is part ficrion, part history, part sociology and part prophecy.

He argues that in certain re-

part of what we have lost in the spired the fair.

What we have lost, he writes, server might not look back at is the optimism that the fair the event with feelings of nos- embodied, even at a time wheo

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BOOKS

the American economy had that the technological vision that Yet that is exactly what barely started up again and Europe was facing catastrophie

bope.

As the fictional Hattie Levine puts it in an imagined interview with the narrator.
The fair had a remarkable spects the time of the fair was a mood and feel to it. At least for pened — a thing without parbetter one than today and that us. It was an air of . . I don't allel, so far as I know, in the want to lapse into rosy romanmeantime is the vision that in- ticism. I'm skeptical of it. But what I want to say is, acute

The fictional parts of "1939" are a surprise coming from Gelernter, a professor of computer science at Yale and

They are built out of conwho is obviously a composite of promise kept." actual people who recall the fair, and out of selections from a diary the author invents for her. The novel within "1939"

serves the useful purpose of giving us a spectator's view of a day at the fair, from a ride machine that today stands un- and see nothing." used at Coney Island.

Gelerater's points are also far parts of bis book. Here he argues Times.

informed the fair amounted to a "civic religion" that "made es-chatological predictions: It promised a utopian future to believers, in the end of days."

The author continues: "And

then an amazing thing hap-

whole history of religion: In the years following the Second World War, those utopian promises came true." Americans got the cars, the highways and the suburban bomes equipped with gadgetry that the fair promised, the au-

the author of two previous thor contends. "It's not utopia, books, "Mirror Worlds: Or the we point out, it's just subur-Day Software Puts the Universe bia," writes Gelernter, imagin a Shoebox," and "The Muse ining a dialogue between today and 1939. "But that is what we longed for, says 1939, and you versations with Mrs. Levine, have got it. Promise made,

Yet having achieved the dream, people lost the vision, the author says. Having entered the future, they lost a view of the future. This explains why in a better time, we feel worse. "Religion is above all a matter through General Motors' Fu-nurama, one of the fair's great by dint of achieving the utopian hits, to a paracoute jump on the future, we have lost our faith

better made in the nonfiction is on the staff of The New York Christopher Lehmann-Huupt



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A 2d Generation Unraveling Enigmas of Thai Art History

swoop, one of America's foremost museums, the Walters Art Gallery, has firmly placed itself on the map as the center for Thai art studies Outside Thailand.

A temporary display, on view until Aug-20, is giving Baltimoreans an idea of the scale of the donation made by the Breezewood Foundation to honor the memory of

SOUREN MELIKIAN

Alexander B. Griswold, the Baltimore scholar who became a towering figure in That art studies following years of passionate collecting.

Griswold, who was educated at Princeton, came from the Baltimore family that founded Alex. Brown & Sons, the oldest banking firm in America. The banker stumbled upon Thai art by accident at the age of 38. This might never have happened had he not been an army officer attached to the OSS who an army officer attached to the OSS, who was parachuted into Bangkok in August 1945. Within a year, he was buying his first Thai sculptures and, after being released from his military duties, he kept going back and forth between the United States and Bangkok where he maintained activities. Bangkok, where he maintained a palatial

. The financier was impressed by the sacred images, the Buddhist ritual and the whole way of life in this corner of the Far East — so impressed that, in 1948, he decided to devote all his time to Asian studies. Hiram W. Woodward Jr., curator of Asian art at the Walters Art Gallery, said in an interview that Griswold's book "Dared Buddha Images of Northern Siam" remains the reference work on the Lan Na school of sculpture, which flourished in the 15th century.

Griswold was no ordinary academic or collector. His art hoard, which he kept in a wing of his home at Breezewood near land. A Chinese source says it paid tribute Monkton in Baltimore County, was opened to China in 638 and two silver coins have to the public in 1956. The year after, he set up the Breezewood Foundation to support up the Breezewood Foundation to support namesince Samuel Beal first reconstructed Thai studies, and over time, transferred the it hypothetically in 1884 from the Chinese entirety of his collection to the foundation. form "To-lo-po-ti".

Each year, Griswold held a three-day seminar at his home open to Thai art students and took them to the Thai wing, of a standing Buddha dating from the sev-which he called "the Museum." The enth or the eighth century A.D. offers a be well on course.

ALTIMORE In one big banker became a visiting professor at Corcurious blend of archaic elongation and mannerist grace in its swaying movement. master of Thai art history in the West. But the driving force was his love of the art, not pedantry. Had he not been overtaken by illness, Griswold would almost certainly have given his hoard away to a museum as the foundation effectively did on his behalf

in 1992, one year after he died. The beneficiary, however, need not have been the Walters. While in full possession of his means, Griswold made important art donations both to the Walters Art Gallery and to the Cornell University Museum. The factor that probably tilted the foundation's decision was the presence of Woodward at the Walters as a curator of Asian art. His own love affair with Thai culture reads like

land, the young Baltimorean went to see Griswold in 1962. As with Griswold, exposure to Thai culture, from 1963 to 1966. marked Woodward for life. He learned the language, came back to eogage in formal Thai studies, and in turn became the leading Western scholar in Thai art history which, for now, remains one long succession of enigmas.

OW the Thai speakers came to leave southern China from about the year 1000 A.D., or why, has yet to be explained. The details of their interminglining with the Mon-speaking natives or the Khmers of the eastern districts escape us. Of the pen-etration of Buddhism and Hinduism, which probably started in the sixth century A.D., little is known except for the art. The great place seems to have been the Mon-speaking kingdom of Dvaravati in Central Thailand A.Chinese seems again in Central Thailand

Sculpture suggests a high level of so-phistication. A remarkable headless figure of a standing Buddha dating from the sev- scholars in Thai art history would appear to

Another standing Buddha of the same period, broken below the waist, shows how close the convections were to their Indian source and how unerly different their aesthetic handling could be. With its expression of serene concentration, eyes cast down, lips ever so slightly parted, the Buddha belongs to a different world.

ILGRIMS carrying devotional figures played a significant role in the transmission of styles. A fine bronze figure of a seated Buddha resembles eighth-century sculpture from Bengal under the Pala dynasty. But, Woodward said, the inscription incised on the back in the Nagari script betrays the scribe's lack of familiarity with it, possibly cointing to local execution. A 16th-century pointing to local execution. A 16th-century replacement for the broken base was cast as a sign of respect for the icon when it was found in some cache.

Another strong strain of influence came in from Sri Lanka as a small standing Bodhisattva strongly suggests.

From the 10th century on the overwhelming influence came from Cambodia. Two astonishing bronzes, one of the eightarmed Bodhisattva Avalokiteshvara, standing, the other of the four-faced Brahma, seated, cross-legged, have Khmer fea-tures and look like Cambodian bronzes of the late 12th century — the former with good reason. In 1191, King Jayavarman VII sent out from his capital, Angkor, replicas of a similar standing Buddha in sandstone to 23 cities, some in present-day Thailand. Whether the broade reductions Thailand. Whether the bronze reductions were executed locally or in Angkor is hard

to tell for now. Things may change. Woodward and the conservation laboratory launched jointly with Professor Chandra Reedy of the University of Delaware a scientific program intended to analyze large numbers of clay cores inside bronze casts using as many as 30 different characteristics - such as, for instance, rice chaff. The program extends to stone analysis. "We are pioneers in the field," Woodward says with his habitual mix of gloom and glee.

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Bronze figure of Brahma from the late 12th century, Thailand or Cambodia.

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Cautiously, With NATO

between-land of UN peacekeeping in Bosnia, where soldiers are put in harm's their protection, the captives are due ur-gent consideration. The Bosnian Serbian

So far, Washington bas sent no sport regime says it is treating them as 'prisoners of war.' It is not. Prisoners of war
are entitled to certain well-known prothey are due at the least safety, decent treatment and communication with the

international agencies. The arrogant Serbian regime offers to negotiate their liberty in return for UN guarantees of no more air strikes. That is blackmail. A United Nations that paid it would only disgrace itself and invite further assaults on its dignity and its operational capability. The Serbs are due no favors merely for undoing a flagrantly abudetained deepens the original offense and of political reinforcement if it does not.

In war, the capture of one's soldiers is considered a hazard of the military enterprise and is dealt with as a priority, but menting and regrouping their forces to not the most urgent. But in the strange inessary stopgap measure and buys time for decisions on whether and how to continue a way without being provided the means for more robust mission based on a more re-So far, Washington bas sent no ground soldiers to Bosnia. Now President Bill

tections of a sort denied the men shackled and strengthen its forces. This would conto possible military targets. If they are not stitute a major and a risky new underto be released instantly, as they should be, taking. The president would be foolish to proceed without full consultations with Congress, which will surely insist, at a minimum, that American troops be under NATO, not UN, command. But it is not intrinsically a bad idea. It would put the United States in the position of sharing its closest allies' burden and would give its voice a stronger bearing in their councils. Whatever policy choices are finally made would have the added weight of having been made by the alliance. That will be a sive act that they were wrong to commit in source of strength if the alliance proceeds the first place. Every day the prisoners are further down a military path and a source

A Test for Chile's Future

Every country that climbs from despo-tism to democracy must deal with the crimes of its former government. The results are rarely satisfactory. A failure to pursue these cases amounts to a tacit amnesty for torturers and murderers. But new democracies often hesitate to go vig-orously after the offenders, fearing to divide their people and reignite old enmities. Chile's prosecution of the two generals responsible for the assassination of Orlando Letelier in Washington in 1976 is a

conspicuous exception to the general rule.
Mr. Letelier, a former Chilean ambassador to the United States, was an outspoken and effective opponent of the repressive military regime that took over Chile in 1973. He and an American colleague, Ronni Moffitt, were killed by a car bomb one morning three years later as they were driving to their office. The United States angrily demanded Chilean cooperation in the investigation, but got very little action until military rule collapsed in 1989 and was replaced by an elected government. It put on trial the former head of the secret police. General Manuel Contreras Sepulveda, and his deputy, Brigadier General Pedro Espinoza, who were found guilty of organizing the bombing and sentenced, respectively, to seven and six years. This week Chile's Supreme Court upheld the conviction. But General Contreras defiantly declares, from his ranch, that he will never go to prison. That confronts the government with a difficult question. The army has stayed out of this case, but it is less than totally reliable.

The Letelier murder is important not only to Chile's past but to its future. As a crime, it was no greater than any others among the thousands of murders com-mitted under the military regime. But it was more spectacular, and, because it was in Washington, it gained international notoriety. It is one of the very few polinical murders that has actually been

prosecuted by the elected government.

That puts additional responsibility on the government to carry out these sen-tences — which are hardly severe in proportion to the crime. As it is working out, the Letelier case has become the surrogate for all the other human rights cases that the current government, for political reasons, has chosen not to pursue.

Dole's Transparent Attack

ator Bob Dole's efforts to attract conservative support are increasingly transparent. His latest bit of pandering to the and lyrics while ignoring or condoning tertainment industry for undermining American values with movies and music that glorify violence. Violence in American society is a serious issue that calls for considered public debate, not the kind of blatant political jockeying practiced by Mr. Dole this week in Los Angeles.

Mr. Dole seems determined to leave no volatile social issue untouched in his drive to win the allegiance of cultural conservatives and religious activists. He has used the nomination of Dr. Henry Foster as surgeon general to polish his anti-abortion credenuals and has pushed for repeal of assault-weapons restrictions approved by Congress last year to show his mettle against gun control. Now, following Dan Quayle's dubious example, he has bashed Hollywood with a visceral attack designed to score easy poliocal points at the expense of his primary opponents.

Coming from Mr. Dole, the broadside against the enterrainment industry is particularly hard to take. Any serious dis-

As campaigning for the Republican cussion about violence in America must presidential nomination intensifies. Senbegin with the guns used to kill or main thousands of citizens each year. It is hypocritical for him to attack violent movies right was the harangue against the en- the ever-increasing availability of guns. If Mr. Dole is serious about reducing vi olence, he should be trying to get guns off the streets. Repealing the assault-

weapons ban is hardly the place to start. There is much in the movies and in bard-core rap music that is disturbing and demeaning to many Americans. Rap music, which often reaches the top of the charts, is also the music in which women are degraded and men seem to murder each other for sport. But no one has ever dropped dead from viewing "Natural Born Killers," or listening to gangster rap records. FBI statistics show that more than 16,000 Americans were murdered with firearms in 1993, the last year for which figures are available.

Poliocians bave a right to talk about American values and culture, and an intelligent discussion would be welcome. When they merely manipulate the issues for political purposes they cheapen both

-THE NEW YORK TIMES.

the issues and themselves.

Other Comment

China: A Dangerous Road

Should the claim that the U.S. visa was granted only to enable President Lee Teng hui of Taiwan to undertake a private visit to Cornell University, his alma mater, be taken seriously? Regardless, the visa signals a reversal of 16 years of U.S. policy toward China and Taiwan. Not surprisingly. Beijing's reaction has been swift. Discussions on missile proliferation and nuclear energy cooperation have been put on hold.

In recent weeks, Chinese leaders have indicated that they suspect the Utited States is developing a strategy of "containment" through the deployment of an anti-missile system in the Pacific to neu-

tralize Beijing's strategic arsenal, and through weapons sales to Taiwan. Beijing's inability to join the World Trade Organization due to U.S. objections has not helped the relationship. Now the U.S. Congress is working on a bill to force the Clinton administration to recognize Tibet as an "occupied sovereign country." If that bill gets passed, it will strike at the core of Chinese sovereignty and Beijing can be expected to retaliate with policy inioatives which will hit U.S. interests in the Asia-Pacific region. President Clinton seems prepared to trade off Congress's foreign policy initiatives against domestic

concerns that could enhance his re-election chances. This is a dangerous road, -Business Times (Singapore).



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Neither Munich Nor Vietnam

PARIS — The time of hard choice on Bosnia can scarcely be put off any longer. At each stage of the war in ex-Yugoslavia the powers have devised time-buying measures so as to appear to be responding to crisis without taking basic strategic decisions. The unspoken hope was that somehow the belligerents would tire of fighting and son themselves out.

The fact was never faced that people responsible did not value peace for its own sake above the conflicting goals that drove them to war. At each stage, the ambiguous intervention, the firmly worded but scarcely applied resolutions, the blameshifting, assured that the inescapable choice deferred would be harder and more onerous.

But there is no going back to be braver, wiser, more effective at yesterday's price. The dilemma has to be confronted where it stands. So far the powers are showing unusual determination. Essentially, the debate outside Yugoslavia is which precedent more closely applies: Is it Munich or Vietnam?

Is the ''far-away country no-body can find on the map' (in Chamberlain's words) a matter of principle whose abandonment threatens much greater disaster to those who remain indifferent, or is it a place best left to its own demons, where it is arrogant to assume we have a

vital interest to impose?

The Bosnoserbs, as the French conveniently call the forces of Radovan Karadzic. have all but formally declared war on UN troops, denying that men they hold at gunpoint or shackled near ammunition dumps are hostages and claim-ing they are "prisoners of By Flora Lewis

war." That is intolerable. But they are getting away with it based on the so far proven premise that the United Nations would rather swallow humiliation than get into a fight on the ground. Now they offer to "negonate" release of the hostages in return for a guarantee of impunity against any UN use of force and "demilitarization" — that is, sacrifice — of Bosni-

an "safe havens." The British and French are saying, quite rightly, that their remarkably disciplined soldiers cannot be left in militarily indefensible positions.

They were put there in the first place because their mandate was only to shield civilians and at most defend themselves, though without the means to do so.

But to pull them together to hunker down makes their presence worse than pointless. Prime Minister Alain Juppé of France says a political solution that would both rescue and justify them is "centimeters away." That is almost certainly an-

other illusion. It is based on the assumption that luring President Slobodan Milosevic of Serbia into recognizing Bosnia's state border with the promise of lifting the embargo on Serbia would so isolate the Bosnoserbs' Mr. Karadzic that the latter would accept the current partition plan for Bosnia and the Sarajevo government.
That is unlikely, Mr. Karadz-

ic was the creature of Mr. Milosevic to begin with, but that is no longer evident. And if sanctions are lifted in this context, it would only demonstrate to other Serbs that Mr. Karadzic is the

shrewder, more resolute leader and that his defiance pays. Simply withdrawing outside

force would not only ensure a worse bloodbath, also involving UN casualties. It would flaunt the inability and unwillingness of the powers, whether as UN leaders, as NATO or on their own, to resist audacious

Yet, this isn't really Munich. He is mad, mean and cruel, but Mr. Karadzic is not Hitler with dreams of ever greater con-quest. Nor is this Vietnam, as some American editorialists suggest with their insistence on keeping American soldiers out of the "quagmire."

With heavy heart, because we cannot start over and correct past mistakes, I think the United States will have to send troops to help make the UN force effective enough to be credible. This means changing the man-date to include resisting attack and at a minimum keeping air supply routes open to Sarajevo and besieged enclaves; but on the condition that a serious political proposal is made to achieve a compromise, not just

another shatter-sure cease-fire. I am convinced that the best and most lasting approach would be to seek a new Yu-goslav confederation, offering the Bosnoserbs and the Serbs of Croatia ries they seek with Bel-grade while maintaining sovereign autonomy of Bosnia

and Croatia in existing borders. It is only in a larger context that this tortured land can find salvation. In any case, the stakes keep escalating. The choice must be made. There are no easy answers, but both Munich Vietnam are bad ones.

Youngsters Saving the Elders' Egos

By Bob Herbert

NEW YORK — Just turn the page, change the decade — nobody ever learns.

A photo of frightened French soldiers being held hostage near Sarajevo reminded me of the young men I served with as a draftee in the mid-1960s, at the height of the Vietnam buildup. On my first day in boot camp, I was stunned to

see that the other recruits all looked as young as I. We were babies compared with the tough, leatherskinned veterans of the war movies we had grown up with. This was real life. Young boys with frightened faces heading off to the unknown. I was lucky. While others went to Vietnam, I

was sent to Korea. That's where I would get the letters saying this friend or that friend had died.

"There are things you cannot quantify." says Robert McNamara in his book, "In Retrospect." 'honor and beauty, for example. But things you can count. you ought to count. Loss of life is one when you are fighting a war of attrition. We tried to use body counts as a measurement to help us figure out what we should be doing in Vietnam to win the war while putting our troops at the least risk." He was talking about the enemy body count. In

Korea, with each sorry bit of news that made its way to us from Vietnam, we kept our own body count. Young boys with frightened faces. Vietnam was a political and public relations pit from which the major egos of the era could not

satisfactorily extricate themselves. In the service of those egos, tens of thousands of young people had to do their duty and allow themselves to be sacrificed. Now we are told it was all a mistake.

Fast forward to the madness of October 1983. Ronald Reagan and his advisers, enmeshed in an incoherent Middle East policy, and ever ready to do something that would make them appear tough. had stationed 3,000 ill-defended marines in

Beirut. When a suicide bomber in a truck blew up their barracks headquarters one morning, 241 young marines and sailors were killed. Another mistake.

Three days later the United States invaded Grenada. "We got there just in time," said Robert McFarlane, Mr. Reagan's national security adviser. Just in time, that is, to shift the headlines away from the Beirut debacle.

The next day, the president went on television to blame everything on the Russians. "Not only has Moscow assisted and encouraged violence in both countries," he said, "but it provides direct support through a network of surrogates and terrorists." The situation in Lebanon, Mr. Reagan added, was absolutely vital to U.S. interests.

Not quite. The marines were soon withdrawn.

Now we have Bosnia. Having refused to stand up to wanton aggression and genocide, the NA-TO allies are now, like Lyndon Johnson and Robert McNamara, trying to figure out what to do with an enemy who won't listen to reason and whom they are unwilling to defeat. This fumbling about for a win in a no-win situation is being carried on in embassies and cocktail parties while "peacekeeping" troops and civilians are sub-jected to terrible assaults and burnillations.

The UN troops in Bosnia are doomed in the sense that they can never prevail. Troops are trained to fight wars and should be led by commanders who want to win. Forget the peacekeeping euphemism. You can't keep the peace with an enemy capable of genocide. You fight to win, or you get out. In Bosnia, as in Vietnam, the poliocians are unwilling to concede defeat. They are searching for a poliocal solution, a way to save face. Meanwhile, you have youngsters in a danger zone, doing their duty, which is to sacrifice themselves in the service of the egos of their elders. The New York Times.



They Leave China Free To Pick and Choose

By Jim Hoagland

W ASHINGTON—The story is unfirnished, awaiting dramatic and uplifting resolution. The issues for once are clear, not bathed in ambiguity and tradeoffs. For these reasons, and more. the sixth anniversary of the Tiananmen massacre arrives with

fresh impact and meaning. China is complicated only if you need to make it complicated, as Western diplomats, trade negotiators and lobbyists do. Otherwise the continuing struggle between a decomposing Communist regime and people who demand no more than democracy and dignity is a straightforward affair.

But this June 4 finds the Clinton administration in hot pursuit of complexity. Washington responds to new expressions of Chinese belligerence not by rethink-ing its badly flawed "compre-hensive engagement" approach, but by emphasizing the need to avoid "confronting" Beijing. This occurs even as China tightens the screws on dissent and economic reform at home and expands its regional military reach.

But China already engages in an escalating confrontation against a U.S. government Beijing views as weak, if not pusillanimous. To confront, or not to confront, is not the question for Washington, China has already made the choice. America's options are to respond firmly or to respond weakly.

The administration's high pol-icy thinkers do not seem to believe that governments are destined to behave internationally as they behave toward their own citizens. Deng Xiaoping & Co. can behave responsibly and morally internationally even as they murder, torture and jail their own people for peacefully asking for democracy, the enhancers would contend.

But look again at the tiff over the visa Washington at first refused and then granted Lee Tenghui, Taiwan's president, to attend a class reunion at his alma mater, Cornell University. Instead of seizing the high ground long ago and granting the visa as a matter of principle and decency, the administration found a way to wind up with the worst of all worlds.

Beijing's reaction? It cancels its participation in U.S.-sponsored missile control talks. Other military-to-military contacts, sold by the Clinton administration as needed to encourage China to behave responsibly in international affairs, are put on hold. Chinese engagement on military and arms control matters is purely tactical. Cross us, Beijing says, and we will increase

missile exports to punish you At the same time, a high-level Chinese government economic delegation went through with its visit to Washington last week seeking new loans and investment. The Clinton policy on Chigathering economic benefits that serve its interests, even as reliable reports intensify that Beijing's central planners are reasserting their control over what private entrepreneurs can and cannot do.

Remember the hoopla over China agreeing to shut down seven compact disc factories that were pirating U.S. copyright material after Trade Representative Mickey Kantor threatened sanctions? The International Herald: Tribune reported Friday that six of those factories have quietly reopened. Mr. Kantor's office says only that it is "studying" a deception it must have known about but this time did not publicize.

While America pursues cooperation, China's military has increased its budget substantially, "causing growing concern among China's neighbors," as a report by the nonprofit Atlantic Council cantionsly observes. .

China has used its new muscle to step up its claims to the South China Sea atolls known as the Spratlys. China's new defiance over the Spratlys sparked a brief debate in the administration over the merits of "confronting" or "engaging" Beijing.

The outcome was a carefully worded statement that put Beijing on notice that Washington would not be indifferent to trouble in the. Spratlys. That made the Chinese more cautious. But the administration decided to keep wooing China rather than using diplomatic or economic pressure to moderate its behavior.

Six years ago, in the days leading up to the slaughter ordered by Mr. Deng and his lieutenants, 1 stood in Tiananmen Square and listened to students argue the same broad question: How should they deal with the Deng dictatorship? There were hotheads: calling for confrontation and revolution. But in general the students opted for persuasion, dialogue and peaceful protest.

In the end it made no difference. The Communist gerontocracy that rules in the name of Lenin and Mao made its own decision and wrote it out in blood.

Governments should not fool themselves: Beijing will behave internationally in the same fashion if it feels it has something to gain. The Washington Post.

Trade Liberalization: A Growing Backlash Around the World

CAMBRIDGE. Massachusetts — The "globalization" of national economies, so enthu-

siastically promoted by American government and business today, amounts to an ideological form of Western imperialism, to which the rest of the world is compelled to react. It now is meeting significant opposition. expressed in political as well as economic terms.

The pattern is familiar. The center of Western power -- the United States today. Britain yesterday. Spain before that - altempts to impose upon others its own vision of how the world should be ordered. A workshop. mainly composed of senior economic historians, convoked recently at Harvard by the Lux-embourg Institute for European and International Studies, asked why some countries are rich and some so poor. It found a part of the answer in the fact that the modern world is largely of Western invention, as are the industrial techniques for making a society rich.

It is politically incorrect in many American academic circles to speak of the West's originality. while highly correct to talk about Western imperialism. Unfortunately the two are aspects of the

same thing. The West's imperialism was not a criminal enterprise, as some believe, but a natural product of the West's sense of masters over things and nature and its conviction that its ideas are universal ideas that are valid for every society everywhere.

Other societies have since the 15th century had a choice: to imitate the West, or to reject it and pay the price for doing so. The By William Pfaff

Luxembourg Institute meeting provided testimony that in today's case the option of rejection is again being considered by elites in important countries. In Japan, under constant as-

sault from the United States to open its markets, there is current concern not only that America's trade demands are impossible to meet within the framework of Japanese society and economy, but also a fear that Japan's econ-omy may become 'hollowed out' by the competition of cheap

labor in Asia's poorer countries. Some in Japan's leadership thus are determined to resist the globalizing forces. They consider the example of what has happened to American industry and the American labor force in recent years a dissuasive rather than persuasive example of the con-sequences of trade liberalization.

Japan's national development has always been conducted on its own terms rather than those dictated by others. The Japanese took from the West in order to create their own version of industrial society. Their purpose has been to become able to deal with the West on equal terms.

Both those efforts provoked Western hostility, particularly that of the United States. Mickey Kantor and Bill Clinton do not realize it, but they are acting in just the way American political leaders and economic policymakers did in the prewar years, once again provoking an agitated re-

action among the Japanese. A Russian at the recent meeting described the last lew years in his country in terms of national

humiliacion. First came the collapse - deserved, he agrees - of the Soviet system and of the doctrine that had governed Russia's actions since 1918.

That was followed by a chaotic and caricatural economic Westemization, producing robbercapitalism and inviting Russia's exploitation by Western interests. At the same time many ordinary Russians have experienced falling living standards, and a certain demoralization of Russian society has taken place. He spoke of the times when

Russia was isolated, and pursued its own course, as the best and most confident periods in its history. One may wonder if that is really true, but the sentiment expressed is very important. Once again an unconsidered and largely self-interested foreign intervention is generating negative consequences among thoughtful people, and not merely among demagogic nationalists - al-

though the latter profit from this. The West's aggressive promulgation of its ideas and values has in the past produced both good and some extremely bad results. World wars and universal ideologies are characteristic Western products. Other cultures have heen undermined and destroyed because of the West's thoughtless conviction of the natural superiority of its own ideas. Material

success has produced arrogance. However, the West's domination was in the past achieved over relatively weak societies. Neither Russia, China nor India in the 18th and 19th centuries had the confidence or resources to im-

pose their alternative visions. Japan, though, succeeded in doing so, taking from the West only what it wanted. It is again in a position to do so. This might eventually prove true for Russia. In today's situation the West itself is divided. In the specific case

advocate, while there is resistance in Western Europe. Europe, Britain excluded, is reluctant to impoverish a part of its work force and abandon

of economic globalization, America is the totally committed

its welfare society for the putative gains promised, in some more or less distant future, by a globalized economy.

There is some support for a policy of European trade preference, and caution about the trade pressures coming from America. The future could prove to be other than the one now commonly expected in Washington, and at such institutions as the Harvard Business School.

International Herald Tribune C Los Angeles Times Syndicate.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Marti Not Dead

NEW YORK - Telegraphic despatches have been received here today [June 2] from General Gomez by Senor Guerra, the Cuban treasurer for the insurgents in the United States, declaring that the report of General Marti's death is altogether unfounded. It is alleged that the body has not been seen by anybody with the exception of the Spaniards.

1920: Secret Salaries

PARIS - Some interesting particulars concerning the Repara-tions Commission have been giv-en by M. Millerand, the French Premier, in reply to questions by Deputies who wanted to know how much the French members of the Commission are paid, M. Millerand says the emoluments and expenses of the Commission and its personnel are a charge upon Germany, the amount not being included in the reparation total

The Commission, consisting of five Allied delegates, is authorised, under the Versailles Treaty to appoint the personnel required and to fix the remuneration.

1945: Art Is Recovered :

SUPREME HEADQUARTERS. Allied Expeditionary Force — An unprecedented condition has been precipitated by the recovery by the Western Allies of one fifth of the art of the world and it may wellbe that future art values will be largely determined by the manner. of its redistribution, it was said here today [June 2] by Lieutenant, Colonel Geoffrey F. Webh, chief of the Monuments. Fine Arts and Archives section of Supreme Headquarters Colonel Webb said that the removal of such a large portion of the world's art treasures from normal channels. makes it impossible now to estimate their monetary value or to assay the demand for them in the

world art market.

China Sca h ... Kahan

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Recovery Evades Many European Automakers

LONDON - Pummeled by turmoil in the currency markets and an economic recovery that has largely bypassed consumers, Europe's carmakers have been hit with surprisingly weak

"The European market is looking a bit grim at the moment," said John Lawson, an auto analyst with DRI/McGraw Hill.

After a disastrous year in 1993, European car sales picked up last year. It was a trend the industry confidently predicted would only accelerate this year.

"The recovery in the European market has been postponed," said Garel Rhys, a car industry expert at the Car-diff Business School. For the Japanese, however, it has been all but canceled.

The appreciation of the yen against

troubled," and had steadily lost mar- present it ranks sixth in the number of problem is that they have slept for ket share for years, is on a roll. Its cars sold.

common share and 110 lire per sav-TURIN — Italy's largest company, Fiat SpA, reported 1994 net profings share for the year. It did not pay

it of 1.01 trillion lire (\$610.3 million) as hrisk sales of its new Punto car pulled the company out of the red. Fiat bad lost 1.783 trillion lire in 1993 due to a 20 percent drop in car sales in Italy, combined with its heavy investment in product development. Its market share in Italy in 1993 was 44.4 percent.

The company, whose activities range from vehicles to insurance and chemicals, said that first-quarter sales increased 28 percent, to 25 trillion lire. It said this would boost earnings for the year beyond corporate targets, but it did not specify what the targets were.

The company said 1994 "was the year of turnaround and relaunch" after a crisis in 1993.

Fiat said it would propose a payment of a dividend of 50 lire per out a dividend on common shares last year and paid out 60 lire for

In the first four months of 1995, sales grew 28 percent, to 25 trillion lire. Sales at Fiat Auto, the car division, increased by 13 percent, while truck sales at its lveco unit were up by 21 percent and tractor sales at the New Holland unit grew by 7 percent, compared with the like 1994 period.

"Fiat is on course," said Nick Pot-ter, an analyst at Credito Italiano International in London. "The first three months were encouraging, but do not be put off hy the net margin of 4.4 percent. R&D costs taken at the beginning of the year depressed the net operating profit, which we expect to be much better this year when

compared with last. Analysts attributed Fiat's success in bouncing back from its only annual loss since the 1970s to Europe's well as to the lira's decline against other European currencies.

But the weak lira would have helped little if the group's management had not moved aggressively to turn the company around. Fiat borrowed heavily and poured 16 trillion lire over three years into revamping its car line with several new small and mid-size models.

Fiat's investment in the Punto paid off in strong sales ahroad. As of April 30, 1.02 million Punto models had been ordered, 840,000 produced

and 774,000 sold. Revenue in 1994 rose 20.2 percent. to 65.5 trillion lire. Fiat's revenue is equal to 3.5 percent of Italy's gross

domestic product. Operating profit for 1994 was 2.676 trillion lire, compared to an operating loss of 839 billion lire the

year before. (Bloomberg, Reuters)

Oddly enough, France's Renault, which was Volvo's far larger partner-to-be in the merger called off 18 months ago, has fared less well. In spite of ambinous streamlining of their operations and well received new models such as the Laguna and the Xantia, Renault and PSA Peugeot Ci-

Both German luxury carmakers also

face a potential windfall from the threatened 100 percent tariffs on up-

market Japanese autos in the United States. Rolf Conen, chief strategist for

Salomon Brothers Inc. in Frankfurt.

forecast that those sanctions could, for

instance, boost Mercedes' sales in

America to 115,000 units from 73,000

The sanctions also loom as a big

break for the Swedish carmakers Volvo

AB and Saah Automobile AB. Both of

them are now enjoying strong earnings

on the back of a weak krona and new-

model introductions. "It is difficult to

say that Volvo is too small to survive

when it is making the sort of money it is right now," said DRI's Mr. Lawson.

troën SA have suffered sluggish sales. In addition to the effects of a strong currency, the two French car producers have faced the expiration of government incentives put in place last year to boost car sales.

Britain's car market too has suddenly begun to stagnate. In 1994, strong demand for company cars more than ontweighed a fall in retail demand.

This year sales are predicted to be flat. Despite a sluggish market at home, however, British auto production continues to run at two-decade highs as big carmakers including General Motors and Ford Motor Co. shift production away from expensive sites in such countries as Germany and Belgium, while the Japanese expand their Brit-

By Erik Ipsen Fiat Back on Track With a Robust Profit

sales this year.

international Herald Tribune World Stock Index O, composed of

280 internationally investable stocks from 25 countries, compiled

by Bloomberg Business News. Jan. 1, 1992 = 100.

Approx. weighting: 26% Close: 110.83 Prev.: 111.31

Fri, Pres. % close close change

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By Michael Richardson

SINGAPORE - China's determination to

take control of potentially buge oil and natu-

ral gas reserves in the South China Sea is just

a preview of what is likely to be a much wider

international competition for increasingly

Rapid growth in China and other major

developing economies in Asia over the next 15 years could "significantly increase global

competition for resources," a recent report by

the Organization for Economic Cooperation

This would upset the balance between ener-

gy supply and demand, causing oil prices to reach \$28 per barrel to 2005, the OECD

warned. The price is near \$18 a barrel now.

China became a net oil importer last year after several decades as a large exporter. Chi-

nese officials have said that unless new fields

can be brought into production, the country

will have to import about 50 million metric

tons (373.1 million barrels) of oil by the end

of the decade and 100 million tons by 2010.

China Petroleum Development Pte., estimat-

ed that by 2015 China could be importing as

much oil as the United States is today -more

than 7 million barrels per day, or around one

eighth of world oil output in 1994 of 59

China sees its claim to the disputed Spratly

Islands and other areas of the South China Sea

as an important issue of national sovereignty.

But its push southward and offshore also ap-

pears to be driven by the need to secure control

million barrels.

Peter Burri, managing director of Shell

and Development in Paris warned.

scarce energy resources.

For more information about the Index, a booldet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gatalle, 92521 Neuilly Cedex, France.

China Scrambles for Oil

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132.61 132.78 -0.13

tion Council.

Middle East."

Except in rare cases such as Fiat SpA, it has not happened. In the Contiment's largest market, Germany, fore-casts of a rise in new-car registrations this year of as much as 2 percent have now been slashed. Figures for the first four months of the year showed registrations actually falling by 0.6 percent.

cheted up the price of Japanese cars and sent sales and market share into a tailspin. "The yen is killing us," complained Norio Noka, the general manager for Toyota Motor Corp. in Longer of even a strong Deutsche mark bas rat-

June 12 and 13 and had suggest-

ed additional meetings in Washington on June 20 and 21.

over the petroleum energy it will need to be-

will rise to more than 20 percent by 2010, from 9 percent in 1990, according to a study

China's share of world energy consumption

repared for the Pacific Economic Coopera-

China's population of 1.2 billion amounts to 21 percent of the world's population. But it

has only 2.4 percent of proven global oil

China expects to produce around 145 mil-

lion tons of oil in 1995, little more than the

While it did not cite any sources, the offi-

cial China Youth daily reported recently that

the Spratlys were the key to control of 10

billion tons of oil, or more than one eighth of

the country's proven reserves of about 78

billion tons. The paper said that the South

China Sea was destined to become a "second

"The last thing we want to happen is for somebody to find oil" in the Spratlys, said

Alan Ortiz, a former national security adviser

to the Philippine government. "That will generate the war that people want to avoid."

Vietnam, Malaysia, Indonesia and the Phil-

ippines have discovered major reserves of oil

and gas in areas of the South China Sea that

are closest to their shores, but not in the Spratlys. Nonetheless, China asserts that many

"China has irrefutable sovereignty over the

of these finds are within its area of control.

Spratlys and their adjacent waters," a Chinese

Foreign Ministry spokesman said this week in

Beijing. "China's position in this regard is

reserves and I percent of gas reserves.

140 million tons it produced last year.

Mr. Kantor said the Japanese

Punto model, launched 18 months ago. has passed perennial European favor- past, the titan of the European car

"Fiat has benefited greatly from

both new products and a weak curren-

makers in weak-currency countries dustry consultants Ludvigsen Asso. which has shed 75,000 workers since from Britain and Spain to Sweden and ciates. With new mid-sized models 1992. VW has done little except put its ltaly are enjoying a full-blown renais- scheduled to debut in the autumn un- staff on a reduced work week. sance. Nowhere has the turnaround der the names of Bravo and Brava, come swifter nor stronger than at Fiat. many analysts predict Fiat will reclaim the cost front, said Hans Hartmann, The big Italian carmaker, which its position as Europe's second-largest an analyst with DIRI Dresdner Interonce commonly carried the adjective carmaker in the next two years. At national Research in Frankfurt. "Their

and industry, Ryutaro Hashi-

Representative Mickey Kantor said Friday the United States was prepared to hold anto trade talks with Japan in Geneva on Mondale, the U.S. ambassador the World Trade Organization. In the World Trade Organization of the World Trade Organization. Japan has lodged a formal comparison to the World Trade Organization. Japan has lodged a formal comparison to the World Trade Organization. Japan has lodged a formal comparison to the World Trade Organization. Japan has lodged a formal comparison to the World Trade Organization. Japan has lodged a formal comparison to the World Trade Organization. Japan has lodged a formal comparison to the World Trade Organization.

WASHINGTON - Trade moto, had "indicated a willing- the dispute-settlement rules of

side the country's refineries on and rising.

Friday on the future of the

strike, a day after the govern-

ment threatened mass dismiss-

als for the industry's 50,000

Workers at the Cubatão re-

finery in São Paulo state bave

voted to continue the strike, the

Estado news agency reported. Workers at the Duques de Caxi-

as refinery in Rio de Janeiro

As members voted, directors

of the Oil Workers Federation

recommended that members

vote to drop all of their de-mands and return to work un-

James Brooke of The New York Times reported earlier

up here for scarce gasoline. In

shantytowns, residents boil cof-

fee over backyard cooking fires.

At the gleaming new interna-

tional airport, travelers pack

into planes as airlines cut flights

history is strangling South

America's largest city, so why is

Brazil's new president smiling?

Brazil's longest oil strike in

to cope with fuel sbortages.

(AP, Bloomberg)

voted to end their strike.

conditionally.

from São Paulo:

workers.

minister of international trade dressed during the meeting.

But a MITI spokesman said iffs on \$5.9 billion of Japanese

that plans for a second round of luxury car imports on June 28

talks were not specifically ad-violates international trade rules.

U.S. Proposes 2 Rounds of Auto Talks With Japan

The talks are required under

impose 100 percent punitive tar-

While Fiat bas now shed its troubled

In contrast to massive job cuts at the On the other side of the coin, carcy," said Robert Spano of the car in- likes of Mercedes-Benz and Fiat,

VW is only now making progress on

On Thursday, VW executives pre-dicted profit this year would be only "slightly improved" from last year's meager figure of 150 million DM (\$106.7 million).

In spite of the weight of a strong currency, VW's German rivals are performing well, courtesy of export growth that remains strong. BMW's powerful model line-up coupled with the bargain-basement purchase of Britain's Rover PLC last year bas greatly boosted its foreign sales.

Similarly, Mercedes' new line of mid-range E Class models, which were unveiled this week, are expected to ish plants to escape the effects of yen contribute to strong growth in sales.

Russia Is Likely To Get a 1-Year Deal on Debt

After two days of hard bargaining to reschedule Russia's \$40 billion in debt to Western governments, the talks were said to be nearing a conclusion late Friday in Paris.

Sources close to the talks said Russian efforts to get a multi-year rescheduling deal had made little headway. They said Russia would probably get a one-

For the Russian delegation beaded by Deputy Prime Minister Oleg D. Daydov, any deal is be than none. Analysts said the hard line shown by Russia's creditors was due in part to displeasure with Moscow over the conflict in Chechnya. They also said Moscow needed to show it could live up to the conditions of the \$6.8 billion loan granted by the International Monetary

Fund in April. If a rescheduling is agreed in Paris, the Russians will go on to Frankfurt later this month, where they will sit down with a group chaired by Deutsche Bank AG to reschedule the \$28 billion in debt Russia owes to about

600 Western banks.

Brazil Outlasts Striking Energy Workers year deal.

by July.

piped natural gas and opened the 8,000-kilometer (5,000the inflation rate, other unions mile) Atlantic coastline to forwould have demanded equal eign cruise ships and freighters.
The strike increased politi-

proved a fiasco for the left. In May, two calls for general strikes went unheeded.

The left, in particular the Workers Party —aligned with a confederation of public employee unions - gambled that monopoly in something so es-Mr. Cardoso, a sociologist and former exile, would buckle under pressure. Instead, be sent troops last week to occupy four refineries, helping restore production.

Mr. Cardoso is also smiling At dawn, drivers start lining because the strikers played neatly into his plans to push a package through Congress of

Compiled by Our Staff From Daparches

For one thing, President Fermarket-oriented constitutional amendments.

Trolled by the governing coalition, is expected to ratify all

■ EU Executives Critical

Washington's threat of trade

sanctions against Japan came

under fire from officials of UN-

ICE, the European employers'

federation. Alan Friedman of

the International Herald Tri-

ers said they stood behind Sir

The European business lead-

bune reported from Paris,

BRASILIA — Leaders of Brazil's oil workers' federation have recommended the end of a 31-day strike that bas crippled over, but it is crumbling. Oil workers straggled back to workers straggled back to workers of Deputies, Brazil's lower bouse of Parliament, approved amendments that abol-Union assemblies voted out- oil refineries stood at 63 percent ished the state telephone monopoly, erased discrimination In a test of wills, the oil workagainst foreign companies, alers bad threatened to derail the lowed private companies to sell nation's anti-inflation program. Had they won pay raises above

Instead, the failed strike cal support for hreaking the monopolies," said Walder de Goes, a political scientist in

Brasilia and president of the Brazilian Institute of Political sential as oil."

Mr. De Goes, who surveys congressional attitudes, believes that when the lower house votes Wednesday, it will approve the most controversial item of the free-market package - allowing foreign companies to drill for oil in Brazil.

The Senate, more tightly con-

CURRENCY AND CAPITAL MARKET SERVICES

COMPLIMENTARY REPORTS

Dynamic Techniques of a Professional Currency Trader

measures the Deputies approve Breaking the phone monopo

Leon Brittan, the European Un-

ion trade commissioner, who has

demanded the EU be present at

dent of UNICE, said be was

worried about the way the U.S.-

Japan dispute was developing and called Washington's posi-

(Knight-Ridder, Bloomberg)

Sir Brian Corby, vice-presi-

any U.S.-Japan auto talks.

tion "heavy-handed

ly was expected to pave the way for as much as \$10 billion in foreign telecommunications investment by the end of the de-

Ending discrimination against foreign investors, such as the prohibition of majority ownership in mining operations, is expected to open the door to privatization next year of the buge state mining company, a sale expected to fetch about \$15 billion.

The rapid-fire series of congressional votes is making Brazil's left sound notes of despera-

Orestes Quercia, a former governor of São Paulo state. said here Sunday: "This government is promoting the breaking of monopolies in an irresponsible way, with the goal of selling the nation's patrimony for small change."

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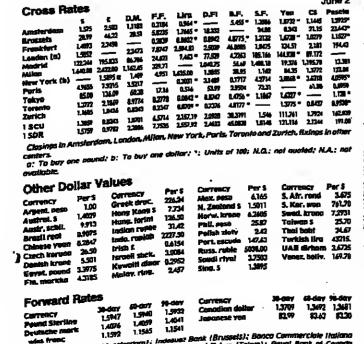
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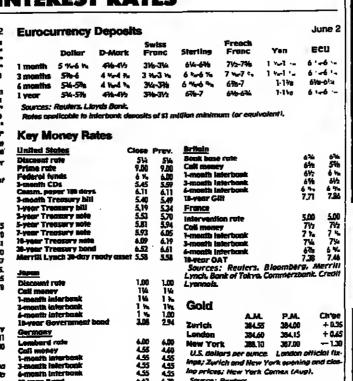
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Herald Eribunc

Very briefly:

FDA Approves Glaxo Migraine Drug

LONDON (Bloomberg) — The U.S. Food and Drug Administration said Friday that Glaxo Wellcome PLC can begin selling a tablet version of its prescription migraine treatment Imitrex.

The decision, which Glaxo requested more than four years ago. is expected to significantly boost sales of what is one of Glaxo's fastest-growing products, but one which has been dogged by

The FDA had previously approved only the injectable form. Glaxo said it would begin selling the tablet form of the drug in September 1995. Imitrex, also known as Imigran, is approved in

Sony Forms Game Deal With Namco

oral and injectable forms in dozens of countries.

LONDON (Bloomberg) — Sony Corp. said Friday it bad formed a long-term alliance with Namco Ltd. of Japan under which Namco will develop a library of video games compatible with the next generation of Sony PlayStation home game machines.

Nameo, which develops interactive video games and operates areades, will create game titles for Sony's 32-bit PlayStation system. Sony will distribute and sell Namco's games in Europe. The companies expect revenue of \$100 million in the next 18 months.

· Hills Stores Co. rejected Dickstein Partners Inc.'s sweetened \$250.5 million takeover offer. Hills said the \$27 per sbare offer was not in the best interests of shareholders. The new offer calls for \$22 a share in cash and \$5 of a new debt security payable in five years. The previous offer was for \$25 a share.

Stanley Jaffe's new independent production company in exchange for theatrical and bome-video distribution rights.

Sony Pictures Entertainment Inc. is to invest \$75 million in

Mexico Plans a Huge Garage Sale Privatization to Be Monitored After Earlier Fiascos

By Anthony DePalma
New York Times Service

COATZACOALCOS, Mexico - Under pressure from the United States and other creditors to cut spending and raise cash, Mexico is planning a garage sale. The idea is to unload government-owned coterprises, from airports and communication satellites to the entire Mexican railroad system, including a creaky line that chugchugs from this city on the Gulf of Mexico to the Pacific Coast at a seat-numbing speed of 12.5 miles (20.25 kilometers) per

The sale will be Mexico's third big round of privatization since the mid-1980s. It is being watched closely in Mexico and in the United States — from which many buyers will presumably come - to see if it will be managed better than earlier ones, which raised more than \$22 billion.

In those sales, the government, in its zeal to get top dollar to meet its own needs, accepted bids that were not always the best deal for the businesses being sold, or for their customers. And it failed to adequately regulate the newly privatized businesses protect customers and promote compe-

For example, when Mexico sold 18 commercial banks beginning in 1991, it prohibited bids from foreign banks in favor of bids from Mexican investors, even though

the latter had no banking experience.

Keeping out foreign banks and limiting the number of new banks effectively reduced competition in the market, making t more attractive to the local bidders and

therefore driving up bids. The government also failed to make sure that local bidders had enough money on hand to operate the banks in case of losses.

respood adequately to the financial crisis ment has run so poorly for decades. that began last December.

Or, consider the telephone system. state-run monopoly, it was simply turned over to a privately owned monopoly that has done little to improve Mexico's laughably unreliable service.

Or, take the government's two airlines, Mexicana and Aeromexico. They were sold to groups whose managers had little experience and insufficient capital, and within a few years were again on the brink

Privatization, Mexico has learned, is oot a simple cure-all. To make a deal succeed, specialists say, a country must consider not only the price but the system being created. That means looking at the experience and financial strength of the bidder, assuring competition and a commitment to service. Doing so may mean accepting a lower

But many people worry that the Mexican government may repeat earlier mis-

takes in the coming round. "There's a bit of a oaive view of privatization that says just give the properties to private owners and that's enough," said a senior government official who spoke on the condition that be not be identified. "It's naive, but it's pretty effective. And the pressure for that kind of thing to continue is very strong.

The sale of the railroads will provide an interesting study of whether the govern-ment can balance a need to raise cash with a desire to improve an important industry.

But if Mexico sells the railroads in the same way it sold the telephone company. for example, the government would give the whole system to a single bidder who might not have any expertise and thus create a privately owned monopoly no

A result was that many banks could not more efficient than the one the govern-

Some government officials, as well as some potential bidders, want things to change. Under their approach, Mexico's railroads would be split carefully into competing systems. Qualifications of bidders would be scrutinized, and important questions about setting rates, cutting payrolls and dealing with unprofitable passenger service would be addressed before bids

were accepted. For many reasons, the sale will not be easy. The government's chances are not helped by the fact that Mexico is under even more pressure to raise money - and to do so quickly - than it was during the earlier rounds of privatization.

In exchange for a \$50 billion bailout from the United States, the International Monetary Fund and other nations and organizations last March, Mexico agreed to raise \$12 billion to \$14 billion by selling upprofitable state-owned enterprises.

Some say the U.S. Treasury demanded the sales to appease members of Congress who worried that Mexico was getting a free

President Ernesto Zedillo wants to show that he is committed to complying with the conditions. He also wants to demonstrate that despite the economic horrors that followed last December's devaluation, Mexico is still on a modernization path.

The coming sales are also far more complex than earlier ones, because they require substantive changes in the law — in some cases, the constitution of Mexico.

Railroads, for example, were considered strategic resources until the constitution was changed a few weeks ago. Lawmakers also found that oil and natural gas were still strategic but that natural-gas distribution was not and thus could be sold.

Employment Data * Damage Blue Chips

was firm, however, as investors going into recession."

Oil, transportation and chem-

nology issues. torn between fears of a reces-

U.S. Stocks

sion and prospects of falling interest rates after the government report on job losses.

The Dow Jones industrial average fell 28.36 points, to 4,444.39, but advancing issues outnumbered declining ones by a 3-to-2 ratio. Reflecting gains in technology stocks, the Nasdaq Composite index rose 4.16 points, to 872.98.

Intel rose 14, to 1164. The chipmaker's chief executive. Andy Grove, affirmed that he expected sales of personal com-puters to rise to 100 million units annually from the current 60 million.

Shares in Applied Materials, which makes equipment used in semiconductor manufacturing, rose 24, to 824. Texas Instruments, which trades on the New York Stock Exchange, finished 2¼ higher, at 123¼. Technology stocks made up

most of the ground they had lost early in the week.

Stocks in banking companies gained amid speculation that the Federal Reserve Board would cut interest rates later this year. A sharp rally in the government bond market also helped the banks. Profit at banking companies generally picks up when interest rates fall because of increased borrowing and gains on bond holdings.

The price of the benchmark 30-year Treasury bond soared, driving its yield down to 6.54

percent from 6.61 percent.

The yield on the 30-year bond has fallen 80 basis points, or 0.80 percentage point, since the beginning of May.

The prospect of a rate cut by the Fed has helped the Dow industrials rise 2 percent this week. Low rates help stocks by encouraging people to put their money in equities rather than lower-yielding fixed-rate investments. They also lower the cost of borrowing, which helps increase corporate profits.

Compiled by Our Staff From Dispatcher

NEW YORK — Stocks were
mixed Friday as blue chips fell

"Markets don't react like this
going into recession," said John
Brooks, director of sales and after the government reported a marketing at Notley Group in big drop in the number of jobs Atlanta. There's a big differlast month. The broader market ence between a slowdown and

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ical issues slumped as investors Analysts said investors were bet a slowdown in the economic cycle would crimp demand and shipments of plastics and other consumer-related items.

"There's definitely a debate going on," said Scott Billea-deau, a fund manager for B of A Capital Management Inc. "The economy probably will slow down, which is good for interest rates near term." But he added that corporate profits could suf-fer if the slowdown were too

Stock in companies that provide temporary workers dropped on the government employment data. Interim Services fell 1½ to 23½ and Man-power dropped 2½ to 25.

J. P. Morgan rose 11/2 to 72%, while Philip Morris rose 1 to

The Dow's biggest losers were companies sensitive to economic swings - Caterpillar fell 1% to 59%, Alcoa dropped 1% to 45, DuPont fell 1% to 66% and United Technologies dropped 2% to 75%.

Stock in Olin Corp. fell 21/2 to 51% after Merrill Lynch lowered its rating of the chemical company amid concerns that cyclical declines in the chemical and defense industries could hurt profits.

Philip Morris rose after the company said late Thursday that it had retrieved 75 percent of recalled cigarettes from retailers, and that the recall was proceeding as planned. Last week, the company said it would recall 8 billion cigarettes after finding a chemical con-

taminant in some of its filters. Railroad stocks dropped sharply after an analyst at Donaldson Lufkin & Jenrette downgraded the largest of them: Burlington Northern fell 1 to 594, Conrail dropped 1¼ to 52½ and Union Pacific finished 1¾ lower at 52%.

Bank of New York rose 1% to 41%. The bank said Thursday it would buy the corporate trust unit of NationsBank Corp.

(Bloomberg, AP, Reuters)

Intervention Fears Help Prop Up Dollar

NEW YORK - The dollar was mixed Friday against other major currencies, rebounding from early losses amid concern that central banks might launch another round of dollar-buying to bolster the U.S. currency.

A report showing that the U.S. economy unexpectedly shed 101,000 nonfarm jobs in May sparked speculation that the pace of the U.S. economic slowdown could prompt the Federal Reserve Board to push down interest rates, reducing borrowing costs in order to fos-

Low U.S. interest rates typi-

term debt investments denominated in the currency.

However, lingering concern that central banks could buy dollars in collaboration, as they did Wednesday, helped the dollar regain ground, traders said. "Everybody sold dollars this

morning, but people were quick to buy them back for fear of Fed intervention," said Paul Farrell, a manager at Chase Manhattan Bank "Since the Fed intervened

cally make the dollar unattrac- could come in again," a trader against other currencies, traders tive by reducing the return in-vestors get for bolding short
The dollar closed at 1.4090 lar as a safe haven in times of said. Investors often buy the dol-Deutsche marks, up from political turmoil.

Foreign Exchange yen the dollar was down to 84.35 from 84.56.

Against other curreccies, the dollar was unchanged at 4.951 French francs. It rose to 1.1620 Swiss francs from 1.1600. The British pound feil to \$1.5895 from \$1.5977

Reports that a U.S. warplane flying in a NATO operation was two days ago, everyone has it in shot down Friday over Serb-beld the back of their minds that it Bostnia also helped the dollar rise

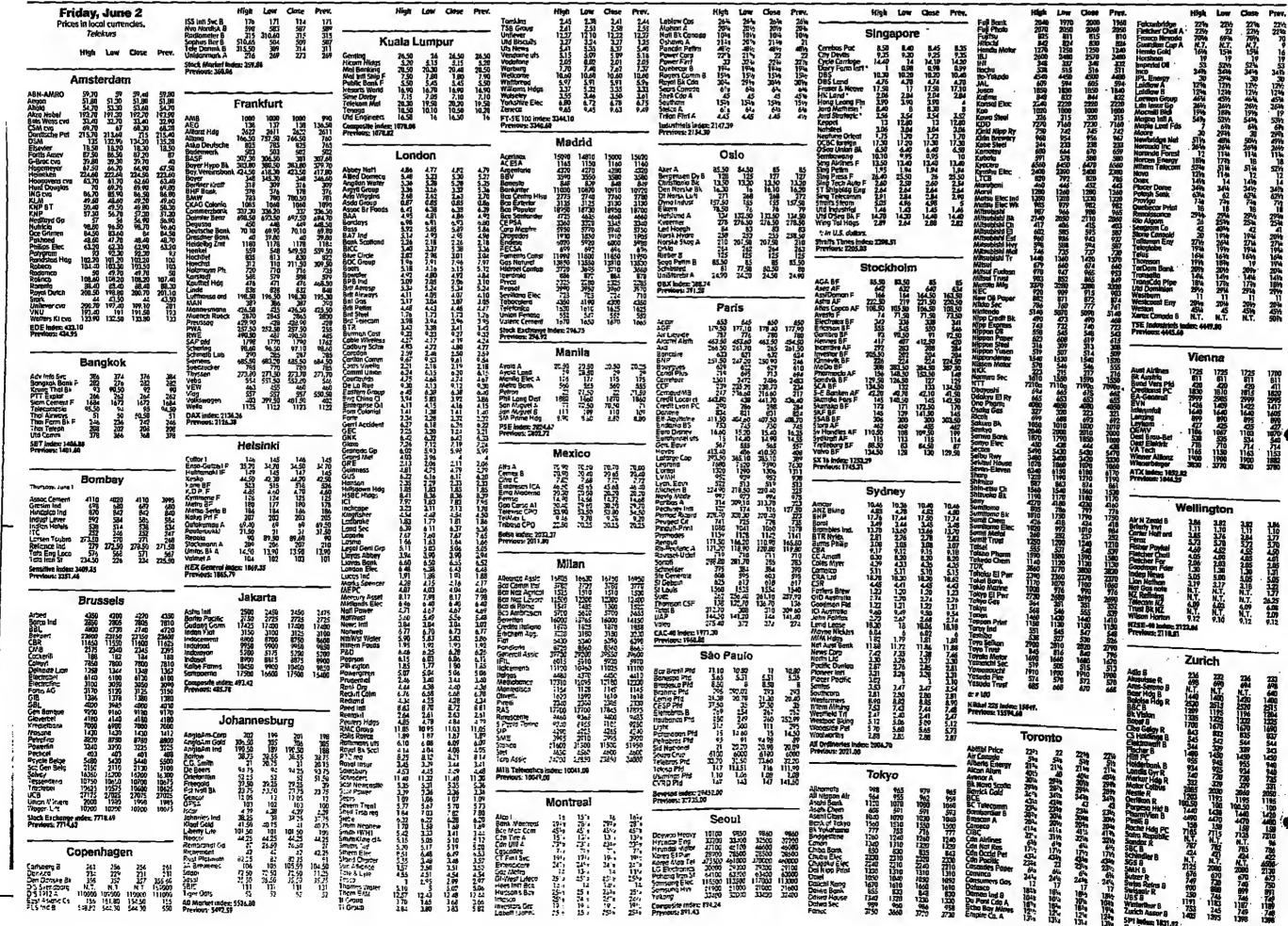
The dollar's rise against major European currencies was helped

as traders in Europe, facing the 1.4085 Thursday. Against the weekend and the Pentecost boliday Monday across much of the continent, backed away from positions they had taken against the U.S. currency.

(Bloomberg, Reuters)

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WORLD STOCK MARKETS



Blue (hip Raises Key Rate To Fight Inflation

MADRID - In an effort to stem a recent rise in inflation, the Bank of Spain raised its benchmark interest rate by three quarters of a percentage point Friday.

The central bank set a minimum rate on securities repurchase certificates of 9.25 percent at its regular auction Friday, up from a rate of 8.50 percent at the auction 10 days ago, ft was the third rate increase this year.

Handelsbanken Will Buy Healthy Part of Skopbank

Bloomberg Business News

STOCKHOLM - Svenska Handelsbanken AB, Sweden's second-largest bank, said Friday it would buy the healthy parts of Skopbank, a stateowned Finnish bank, for 585 million markkaa (\$134.9 mil-

Handelsbanken has agreed to take over loan and bank guar-antee portfolios of 4.4 billion markkaa, deposits of 400 million markkaa and all shares in two Skopbank units with total

assets of 8.6 billion markkaa. The two units are Industrialiseringsfonden, which is mainly

ing company.

The price of 585 million markkaa is 20 percent higher than the net-asset value of the two companies, Handelsbanken said. That is because the Finnish state has provided guarantees to cover credit losses

in 1995 and 1996. Skopbank was hit worse than other banks during the recession in the early 1990s, which was deeper in Finland than most other European countries. ft was bailed out by the state in 1991. Sweden's financial watchdog has approved the takeover. Final approval from Skopbank's general assembly is expected in two weeks. Handelsbanken is already the fourthlargest bank in Finland.

Major commercial banks re-sponded by raising the rates they charge their most creditworthy customers for loans to 9.25 percent from 8.50 percent.

The Bank of Spain has set a goal of 3.5 percent to 4 percent annualized inflation in the first quarter of 1996. But in April, inflation rose to a year-on-year rate of 5.2 percent. The bank said it wanted to preempt further inflationary trends.

"It's aggressive, it's in line with a vigorous monetary poli-cy and with what the Bank of Spain has done since the start of the year," said Felix Gonzalez chief economist at Capital Mar-

ket, a Madrid brokerage. Bond prices rose on the news of the rate rise, which was higher than most analysts expected. The yield on the benchmark 8 percent government bond due 2004 fell to 11.36 percent from 11.49 Thursday.

In the futures market, the 10year bond for June delivery rose 0.28 points to 86.50. The peseta slipped despite the rate rise. The Deutsche mark rose to 86.706 pesetas at the close in Madrid, compared with 86.626 on Thursday.

Some analysts pointed out that the rate rise did not occur at a time when the peseta was weak, as had the two previous rate increases this year. Countries often use rate increases to support their currencies.

concerned with real estate long time that's not going to be perceived as a currency measure," said Henrik Lumholdt, chief economist at Bank of America in Madrid.

Analysts said the central bank's credibility had come into question over the past few months when, despite the evidence of rising inflation, it put off a rate move until after last week's municipal and regional

elections. The Bank of Spain gained independence from the government last year.

An analyst at a British investment house who requested anonymity said the rate rise proves the Bank of Spain is a political animal," by waiting until after the elections. (Bloomberg, Reuters, AFX)

Sun Shines on Site Disney Rejected New Spanish Theme Park Opens to Capacity Crowds

By Barry James International Heraid Tribune

On a site considered and then rejected by Walt Disney Co., a theme park has sprung up to tweak the mouse's tail. One month after its opening, Port Aventura, on Spain's Costa Dorada, reported attendance higher than anticipated, with nearly 350,000 paying visitors pouring through the entrance gates.

The owners received maximum help - including access to marketing and demographic research - from national and regional authorities in Spain, who were disappointed by Disney's decision to go to France, said a spokesman for one of Port Aventura's investors.

At 115 hectares (290 acres), it is only

fractionally smaller than Disneyland Paris and has about the same number of attractions, making it Europe's second-largest theme park. It has 800 more bectares set aside for future development. Port Aventura opened with less fanfare than Disney has given to a single attraction — its new eyeball-popping Space Mountain ride, which opened this week in Paris. Nevertheless, the Spanish park has been operating to capacity from its first day, and the hotels in the nearby resort of Salou and surrounding areas

are heavily booked through the summer. The investors in the \$450 million project are the Tussands Group Ltd., which operates theme parks in Britain; the U.S. brewer Anheuser-Busch Cos.; the savings bank La Caja de Ahorros & Bensiones de Barcelona, or La Caixa; and a regional electricity utility, Fuerzas Eléc-

tricas de Cataluña SA, or FECSA. Of course, Port Aventura's planners took a careful look at Disneyland Paris, seeking to emulate its successes while avoiding the financial abyss into which

the French park has fallen.
They decided that Disney has a terrific

park, according to Antonio Quijano, a sign, Mr. Quijano said, was that visitors spokesman for Port Aventura. But even were spending 30 percent more on food with 9 million visitors last year, Disney-and souvenirs than expected. land lost money, partly because of the difficulty of filling its hotel complex.

Port Aventura thus was built without botels, relying on the calculation that with 300,000 hotel rooms and 175,000

Planners took a careful look at Disneyland Paris, seeking to emulate its successes while avoiding its financial problems.

apartments within an bour's distance, local capacity was already sufficient. Mr. Quijano said Disneyland got it wrong in the beginning by allowing itself to be seen as expensive, which proved dangerous at a time of recession. Even though it has reduced entrance charges since, the reputation has been hard to

shake off. Disneyland charges 195 francs (\$40) for a high-season adult ticket. Port Aventura charges 3,800 pesetas (\$30) for a one-day adult visit, or 5,200 pesetas for two days, with reductions for children and retired people.

It also has a policy of charging no more for food or drink than do the restaurants and hars of Salou, which is within walking distance. Otherwise, Mr. Quijano said, visitors would be likely to go to town for lunch.

It avoided the mistake of banning wine and beer, a decision that Disney made and later rescinded, with some damage to its reputation. One hopeful

Despite its low price structure, compared with Disney, Port Aventura expects to make a profit with no more than 2.5 million visitors and 13.5 million pesetas in revenue a year, Mr. Quijano said. This is partly due to the decision not to

build hotels and partly because, in its initial stage, the park will close in winter. It has only 2,200 employees in the summer and 700 permanent staff. Disneyland employs 8,000 people full time and

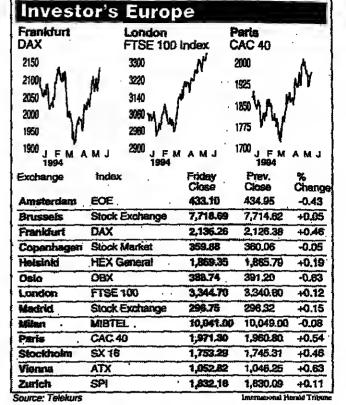
4,000 part time.
For all its teething problems, Disneyland whetted Europeans' appetites for high-quality theme parks, and Spaniards have been among its most assiduous visi-

So far, Port Aventura has been more heavily pitched to the domestic market than to tourists. Last year, Spain received 60 million visitors, of whom 19 million went to the Costa Dorada and neighboring Costa Brava region. As the park gets better-known, it will probably be expanded into a year-round opera-

tion, Mr. Quijano said. Although it lacks the Disney name and cast of characters, the Spanish park has a major benefit that Disneyland Paris lacks: almost year-round sunshine.

It also has the advantage of having two lunch periods — foreign visitors like to eat earlier than the Spanish — which means that lines for the most popular attractions tend to be relatively short for most of the day.

Port Aventura also boasts the mother of all roller-coasters, called the Dragon Khan. In just over one minute, it hurtles riders down a 45-meter (147-foot) precipice, accelerating to a speed of 110 kilometers (70 miles) an hour, and whips them horizontally and vertically through eight complete loops, a world record.



Very briefly:

 Audi AG said its Hungarian unit would invest 250 million Deutsche marks (\$174 million) to expand its engine plant in Gyoer, west of Budapest.

• Germany posted a 6.2 hillion DM trade surplus in March, up from 6.0 hillion DM in February, provisional figures showed. • The German Share Institute, a nonprofit organization backed by

banks and industry, said it would seek laws for tax breaks for stock investments such as those in British personal equity plans. Portugal Telecom's privatization was four times oversubscribed;

the government sold 28 percent of the phone monopoly in the country's largest single privatization.

• EA-Generali AG, Austria's leading insurer, said 1994 net profit fell 10 percent, to 594.8 million schillings (\$59.9 million); the company is 80 percent owned by Assicurazioni Generali SpA. Vontobel Group, a Zurich-based banking company, is to acquire an 80 percent stake in Bankhaus Berger & Co. of Austria,

• International Paper Co. of the United States is to huy the printing resins and adhesive resins businesses of DSM NV of the Netherlands; the price was not disclosed.

· CarnaudMetaBox SA expects to see an increase in operating profit for 1995 but the year will be a difficult one, Jürgen Hintz, AFP, AFX, AP, Bloomberg, Renters

Securicor Ends Cellnet Talks With BT

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LONDON - Securicor Group PLC said it had ended talks on selling its 40 percent stake in Cellnet Group Ltd., the mobile telephone company, to British Telecommunications PLC because of regulatory hurdles.

The British Department of Trade and Industry told Securicor it was "not willing at present" to lift a restriction preventing BT, which owns 60 percent, from owning

Securicor said it was now considering selling its Cellnet stake, which analysts said could be worth £1.2 billion (\$1.91 billion), to another company.

"We've made no secret over the last few years that if we had something in the interest of our shareholders, we'd look very seriously at it," Christopher Shirtcliffe, finance director of Securicor, said,

Cellnet and Vodafone Group PLC pionecred the cellular-telephone services market in Britain in the 1980s. The companies now face competition from two new providers, Mercury One-2-One and Orange, both of which started last year.

Mercury One-2-One is owned by US West fnc. and Mercury Communications Ltd., a unit of Cable & Wireless PLC. Orange is 65 percent owned by Hutchison Whampoa of Hong Kong, British Aero-space PLC and Barclays Bank PLC. Analysts mentioned VIAG AG of Ger-

many as a possible buyer for Cellnet. VIAG and BT are partners with MCI Communications Corp. of the United States in a venture to offer corporate telecommunications services in Germany.

The British government plans to allocate new frequencies for mobile service in the next few months, a move that analysis said would further slow profits at mobile telephone companies.

"We're now in an era of volume growth in subscribers but average revenue per subscriber is going to moderate," said Dennis Exton, a telecommunications analyst-

French Industrial Output Up

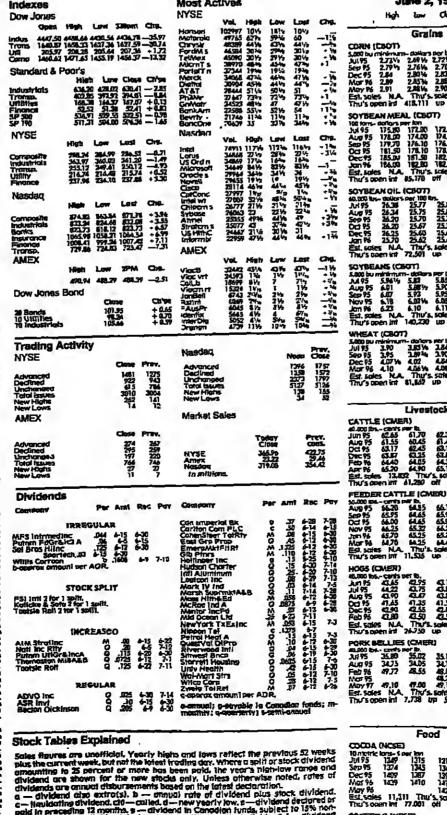
PARIS - Industrial production in France rose 2.0 percent in March from February and 5.9 percent from March 1994,

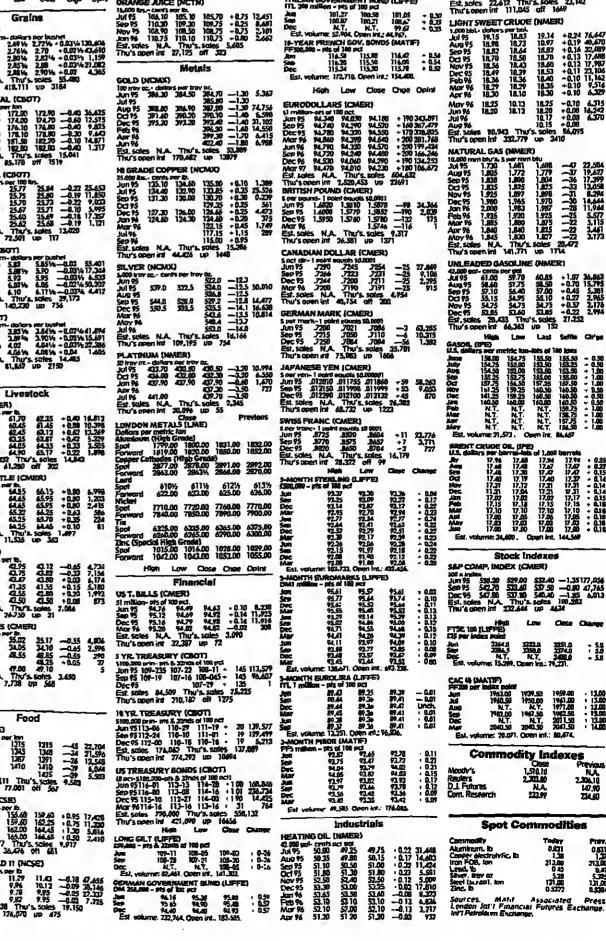
ing output, however, was down 0.6 percent in the month. Economists said the data provided little to soothe worries that growth was slowing.
"My conclusion is that

mainly because of a sharp rise France reached its growth peak in energy output, the national at the end of 1994 and that the statistics institute said Friday. economy is going to slow down," said Bernard Gode-Energy output jumped 12.7 ment, economist at Nomura percent in March. Manufactur- Research Institute.

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Japan Weighs Use Of Public Funds To Bail Out Banks Computed by Our Staff From Dispatches

TOKYO — The Japanese totaling only 8.69 trillion yen by overnment is preparing a plan government is preparing a plan that might involve the use of public funds to help financial institutions dispose of had loans. Finance Minister Ma-

sayoshi Takemura said Friday. "We want to compile a com-prehensive package aimed at disposals over a specific term," Mr. Takemura said. "The use of public funds is generally a sig-

public funds is generally a significant theme."

Japanese financial institutions are struggling with an estimated 40 trillion yen (471.14 billion dollars) in bad loans inherited from reckless lending.

Nippon Credit Bank Ltd., rising nearly 5 percent. The bank's shares closed at 490 yen, up 22.

The Nikkei Stock Average rose to 15,849.13 from 15,594.57, but bond prices fellon speculation that the government wight issue data to create herited from reckless lending during the 1980s.

Apart from write-offs, which most banks have been slow in most banks have been slow in Analysts were particularly bringing to account, the only wary of Mr. Takemura's reconcrete step to clean up the marks about using public funds mess so far has been the estab- given recent difficulties finanlishment of a special vehicle by cial authorities have had in getthe banks to absorb bad loans at ting the Tokyo municipal gov-

Set up two years ago, Cooper-ative Credit Purchasing Co. has discounts of between 50 percent Securities (Japan) Ltd. and 70 percent, with disposals

Mr. Takemura did not mention the timing or the scale of the new solution, but said de-tails would be announced as soon as possible.

His remarks sent the price of bank shares soaring on the Tokyo Stock Exchange, with one of the most troubled banks, Nippon Credit Bank Ltd., ris-

ment might issue debt to create funds to help banks write off their bad loans.

heavy discounts to their face val- ernment to help rescue two local credit unions.

"A direct bailout is not likely," said Yoshinobu Yamada, been unloading these debts at an analyst at Smith New Court (AFP, Bloomberg)

Slumping World Markets Force Losses at Big Four

brokerage houses reported re- North America and Europe but cord losses on Friday, the result said Asian markets offered po-of an overall terrible performance in the world's money

Co. and Yamaichi Securities set up a subsidiary in the Philipdated losses totaling 166 billion venture-capital fund, yen (\$1.96 hillion) for the year . While Nikko poster to March 31.

ing commissions from transac-billion yen the previous year, it tions on Japan's slumping stock managed a 54 million yen profit market, along with trading at its Asian unit. losses around the world and in. Nomura reported a loss of

The losses were expected — billion yen the previous year. all four brokerages said in . Yamaichi posted a 68.54 hil-March that they would post from yen loss, compared with a losses. But with the exception of profit of 11.03 billion yen the Nomura, all said they expected previous year and Daiwa postto return to profit this year, ed a loss of 38.7 billion yen, Nomura did not release an compared with a profit of 57.82 earnings forecast.

Most of the firms were glum TOKYO - Japan's largest about prospects for profits in

Daiwa, for example, plans to expand into the Philippines, Japan's Big Four brokers - Thailand and Vietnam. Nikko Nomura Securities Co., Nikko will open offices in Taiwan and Securities Co., Daiwa Securities South Korea, and Yamaichi has Co. - reported pretax, consoli- pines and established an Asian

While Nikko posted a loss of 26.66 billion yen last year, re-The companies blamed fall- versing from a profit of 34.76

creased expenses linked to re-structuring efforts.

32.56 billion yen for the year, compared with a profit of 67.82

billion yen.

Malaysia Targets Inflation

KUALA LUMPUR - Prime Minister Mahathir bin Mohamad exhorted Malaysians to fight inflation on Friday, seeking to prevent the country's robust economic growth from being thwarted by spiraling prices.

Mr. Mahathir directed his remarks at consumers and did not make any weighty pronouncements on monetary or fiscal policy. He said business people should realize that they, too, were consumers and had a vested interest in keeping prices steady. He

also called on Malaysians to curb excessive spending.
"Because we are all consumers, the control of inflation is our shared responsibility," the prime minister said in a televised

His remarks disappointed financial markets, which had been expecting announcements of fiscal and monetary measures to combat inflation.

Malaysian leaders recently have expressed concern about price rises in the country as the economy heads toward its eighth consecutive year of more than 8 percent growth.

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Saturn Shifts to the Right GM Unit Will Build Model for Japan

New York Times Service

SPRING HILL, Tennessee - General Motors Corp.'s Saturn division plans to start selling right-hand-drive versions of its sedans. coupes, and station wagons through exclusive dealerships in Japan as soon as 1997. The cars, which will be called Saturns there as well, will be priced to compete against

Japanese-made small cars rather than against other imports, which tend to be more expensive, Saturn executives said Thursday. The cars will be produced at Saturn's complex here on the same assembly line as other Saturns.

Saturn is preparing to switch to a new 1996 model, which was designed to be slightly narrower than the old one to meet the needs of Japanese buyers, said Skip LeFauve, the president of Saturn and GM's group executive in charge of small cars. Japanese tolls, license fees, and other taxes are lower on Cars.

GM developed Saturn as its import beater, Mr. LeFauve said, and exporting to Japan would allow Saturn to "take on the imports in their own territory.

[Yanase Co. will import the cars, which are to be sold by independent dealers, the Associated Press reported from Spring Hill, quoting Bill Betts, a Saturn spokesman.] Mr. LeFauve said a Saturn team had been

analyzing the Japanese market for about three years and had determined ways to avoid adding substantial costs to the cars when they are imported - for example, by finding the cheapest ports to unload them.

He refused to say how many cars Saturn hoped to sell in Japan. But the large investment that will be required to pursue this strategy indicates that GM intends Saturn to be one of its leading brands in Asia. The automaker has seven brands in the United States but wants to have far fewer in Japan and other countries. Saturn already offers cars in Taiwan, where it plans to sell about 3.000 this year.

If Saturn is a hit abroad, it could justify increasing U.S. production and help defray GM's investment in the subsidiary. Saturn said it expected to make its third annual profit this year, before interest charges and other costs. But Saturn is far from paying back the parent company's investment, which auto industry analysts have put as high as \$5 billion.

GM is already planning to sell 20,000 Cavalier small cars in Japan, beginning this fall, But those cars will be sold through Toyota Motor Corp. and will bear the Toyota name. Saturn executives said the Cavaliers would cost about \$20,000 in Japan.

The Cavalier also has a larger engine than the Saturn — displacing 2.2 liters, compared with 1.9 — meaning it will be more expensive to own, because of taxes in Japan that discourage large engines. GM is already selling versions of its small European Corsa car in Japan. In Japan, those

cars, which are smaller than Saturns, are sold as Opels, a GM European brand.

Mr. LeFauve said GM might consider sending another North American-made car or

light truck model to Japan and selling it as a Saturn, even if it does not wear the Saturn nameplate in the United States. "We would have no objection to that, but that would be a GM call," he said.

Saturn's plan to produce right-hand-drive models for Japan follows complaints by Detroit's Big Three automakers that they face

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big barriers in that market, a central issue in the trade dispute between the United States and Japan. The Japanese have retorted that American cars are not generally suited to their market, particularly since few American exports have small engines and right-hand

Donald W. Hudler, Saturn's vice president for sales, service and marketing, said the Saturn name was still "relatively unknown" among Japanese consumers. He said Salurn would seek to carve out an identity similar to

> If Saturn is a hit abroad, it could justify adding production capacity in the United States.

the one it has in the United States, where its cars are viewed as reliable, sensible transporta-

tion sold in a friendly, low-pressure manner.

Mr. Hudler said Saturn would seek out experienced dealers in Japan willing to make the huge investment required to huy land for an exclusive Saturn showroom. "The primary focus will be stand-alones," he said. "We'll start out, not unlike we did here, with a fairly limited number, but we'll grow it."

He said Saturn had prepared its case for Japanese exports assuming the dollar would be worth 115 yen. With the dollar having since fallen to around 84 yen, he said. "the

husiness case gets better every day Saturn expects to huild about 305,000 cars this year, but the Tennessee plant has a theoretical capacity of 320,000. By Christmas, Mr. LeFauve said, managers hope to have developed new systems that will raise that number, although he would not provide a target. Other executives, however, said they hoped to raise capacity to as many as 350,000 cars.

Once Saturn has squeezed all the capacity it can out of this factory, it plans to make its case to GM to add production, Mr. LeFauve said. That new capacity could be added here or at another plant.

Saturn is also considering appealing to GM for a slightly larger car, which would be hased on a European model, the Opel Vectra. Saturn is halting production of old models

on July I and plans to start exclusively making new ones on July 11, Nick Bozich, Satum's manufacturing leader, said. By September, he said, Saturn hopes to return to its regular daily production rate of 1,150 cars. Toyota Tops Earnings List in Japan

Toyota Motor Corp., Japan's largest automaker, had the most profit among the more than 2,000 listed Japanese companies that have reported earnings for the year ended March 31, Bloomberg Business News reported from Tokyo.

At the back of the earnings pack was Sumitomo Bank Ltd., which became the season's binness losses after a print off of had leave.

riggest loser after a write-off of bad loans. Toyota was joined in the Top 10 by enter-

prises as diverse as Nippon Telegraph & Telephone Corp. and the creator of the "Super Mario Brothers" video game, Nintendo Corp. At the other end of the line-up, Sumitomo Bank and five other finance-related companies were among the biggest 10 losers, a reflection of the dire state of Japan's financial industry.

Intel Plans To Build Chip Plant In China

Compiled by Our Staff From Disposches SHANGHAI — Intel Corp. said Friday it would spend \$30 million on the initial phase of a a computer-chip assembly and testing plant here that should begin production by 1997. The plant, which will employ

about 900 people, will make flash-memory and specialty computer chips, said Craig Barrett, chief operating officer of Intel. He said Intel's investment in the plant could total up to \$150 million. "We will import finished sili-

con wafers, cut them up, test them and package them for sale in China and worldwide," Mr. Barrett said. "This will be part of our worldwide manufacturing infrastructure.

The plant will not produce Intel's Pentium and 486 microprocessors because it will not he equipped to make silicon wa-

Mr. Barrett called the plan a "first step."
"It facilitates our presence

and solidifies our presence in the Chinese economy," he said. Personal-computer sales in China are forecast to exceed 1 million units this year, up from 700,000 in 1994. About 90 percent of these use Intel microprocessors.

Very quickly, China will be the largest market in the Asia Pacific," Mr. Barrett said, without giving specific sales figures. It is safe to say that Chinese revenue growth has exceeded the Asia Pacific average."

Intel's new plant will need 15 to 18 months to get up to full speed hut will be shipping in volume in its first year. Intel has similar plants in the United States, the Philippines and Malaysia.

Mr. Barrett said that while Shanghai's brisk growth presented infrastructural bottlenecks for some beavy manufacturers, he did not expect such problems for Intel's plant.

"We are happy with the hasic power, water, work force, tecbnical capability, proximity to good universities," be said, (Bloomberg, Reuters)

■ China Bans Some Loans

The Shanghai branch of China's central bank has halted foreign-currency backed yuan loans to help contain the country's money supply and curb milation, Bloomberg Business News reported. The decision is in line with a recent central bank circular, an official at the Shanghai branch of the People's Bank of China said

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 Dentsu Inc.'s pretax earnings in the year to March rose 49 percent from the previous year, to 19.5 billion yen (\$230 million). helped by increased advertising revenue.

Sensitive Index

Konica Corp. will move all of its plate making and printing operations for overseas-bound products to its U.S. subsidiary. Konica Imaging USA Inc.

Quntas Airways Ltd.'s 75 percent privatization is expected to begin next month and raise between 1.5 hillion and 2 hillion Australian dollars (\$1 billion and \$1.4 hillion).

• The Philippines gross domestic product grew at a rate of 4.78 percent in the year to March, up from the previous year's growth rate of 3.63 percent

South Korea posted a trade deficit of \$1.093 billion in May, up 81.5 percent from May 1994, as imports surged. India's central hank has urged state-dominated commercial

banks to be cantious in their lending, pay attention to recovery of bad dehts, and increase efficiency to compete in a liberalizing

Bank Takeover in Australia

SYDNEY - Advance Bank of Australia Ltd. said Friday it would buy the state-owned Bank of South Australia Ltd. for 730 million Australian dollars (\$522.2 million), possibly heralding a shakeout in the regional banking industry.

country's sixth-largest bank in banks are vulnerable to to the higgest domestic bank take- weakness in bousing markets,

toria. The enlarged Advance Bank would have assets of more than 19 billion dollars and shareholders' funds of 1,2 billion dollars. The takeover would be the

first in what was widely expected to be a consolidation in Australia's regional banking indus-Advance would become the try, analysts said. The regional over since 1991, when Com- and they are too small to com-monwealth Bank swallowed up pete with bigger lenders.

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FIRST COLUMN

Round Up The Usual Suspects

F ALL the marvelous lines in the film Casablanca, one of the best comes during the scene in which the captain of police, played by Claude Rains, shuts down Rick's Café Américain. "I am shocked, shocked to discover gambling is going on here." he tells saloonkeeper Rick, played by Humphrey Bogart — just as a cashier hands Rains his roulette winnings for the evening.

Investors looking to make money in developing economies sometimes have a funny way of sounding like Claude Rains. They profess horror at what they find in these risky new markets — volatile stock exchanges, minimal regulation, Byzantine accounting, shareholder interests treated with less than kid gloves — and yet it was precisely this element of risk, with its promise of reward, that they were after in the first place.

Of course, a winning bet never looks as risky as a losing one, and investors who put their money on emerging markets in Europe probably think they're hedging their bets simply by their choice of geography. Markets in Poland or Portugal or Turkey may seem more familiar to Western investors than more far-flung locations, but that sense of security probably has less to do with safety and stability than it does with hype. Remember the consumer-goods boom in the East that was supposed to follow the collapse of the Berlin Wall? Not surprisingly, Eastern consumers were less concerned about buying a food processor than about getting better food, and more of it. It shouldn't have been hard to see that one coming, yet few did.

But those were early days, and today's investors in emerging Europe have less excuse for being uninformed. There is at least five years' worth of experience in the region to draw on. The service-oriented financial journals do a good job of sep-arating image from reality, and there are lots of investment counselors who are more interested in giving good advice than in moving product off the shelves. Pick a source you trust and stick with it is could The the start of a beautiful friendship.



Emerging Europe

Turkey's roller-coaster Bullish days in Russia European market roundup Rebuilding Eastern Germany



When the Majority Makes the Rules

By Rupert Bruce

T is a tale that could not have been told five years ago, yet money managers say that stories like it are becoming common in the new shareholder democracies of Central and Eastern Eu-

rope.
Robert Blazek, managing director of Prague Capital Partners, says he was surprised when shares in Jacobs Suchard Figaro, a chocolate manufacturer based in the Slovak Republic, started to slip in over-thecounter trading last spring.
Figaro, a unit of Philip Morris, was

expected to announce a respectable net profit for 1993 of 80.8 million Slovak korunas (\$2.75 million) at its annual meet-

ing last May_ But when the company announced that net profit would be only 13.7 million ko-runas, Mr. Blazek decided to take a closer look at the figures.

What he found was a 173 million koruna "service charge" paid to Kraft General Foods, the Philip Morris unit that owns a controlling two-third interest in Figaro. The charge included 42 million korunas for "management of marketing, advertising and distribution" and 30 million korumas for "consulting, auditing and legal services," according to company records. It even covered security guards for Figaro

Mr. Blazek says he and a group of minority shareholders, who together own 10 percent of the company, lost 334 million korunas when Figaro stock plunged from 5,000 korunas in March 1994, shortly before the earnings report, to around 950 today. He blames the service charge for the drop, contending that the charge was "embellished" and was simply a way of moving Figaro profits to the Kraft bottom line. For its part, Kraft maintains that Mr.

without merit." Bernhard Huber, executive vice president for Central and Eastern Europe of Kraft Jacobs Suchard, said: "We have very, very strict worldwide internal rules we do have to follow. And we are audited by Coopers & Lybrand and the local tax authorioes, and this allegation we reject and say it is nonsense."

Nevertheless, the Figaro minority group - Prague Capital Partners, along with Wyser-Pratte & Co., the New York arbitrageurs, and other money management firms - has asked Kraft to hold an extraordinary shareholders' meeting by next Thursday to answer questions about the service charge and to consider the group's

court in Bratislava, under Article 181.2 of the Slovak commercial code, to call an extraordinary meeting within 30 days.

The Figaro case is just one of a growing number of instances in which minority sharebolders' rights are becoming a buming issue in emerging Europe, for professional and private investors alike.

Much of the investor interest in Central and Eastern Europe rests on the belief that there are big profits to be made from undervalued and under-researched companies. Without proper protection, however, experts say minority sharebolders have sometimes found their interests come second to those of a powerful majority owner - or, sometimes, to those of management.

Says one Western fund manager involved in the Figaro minority group: "Five years into the development of these markets, the time is ripe for paying more attention to the protection of minority shareholders from abuse."

Experts point to several areas of corporate practice that, while perfectly legal, may bear careful scrutiny by minority shareholders in East European compa-Blazek's allegations are "unjustified and nies.

One common practice is transfer pricing. It works like this: A Western company that buys a majority stake in a local company tries to shift profits from the partiallyowned company to the parent or to a wholly-owned subsidiary outside the country. It can do this by charging the partially-owned company for services, such as technical and marketing assistance, or by selling goods back to the parent at deflated

Although the tactic may lower tax rates for the local company, it often does so at the expense of local sbareholders, who may

Thursday to answer questions about the service charge and to consider the group's request for a seat on the Figaro board.

If Kraft refuses to call the meeting, the next step will be to petition the district court in Bretiles and the service of tower earnings reports.

'One company buying a controlling stake in a local company can result in transactions that will make the minority's shares next to worthless," says Mr. Blazek, who claims to have idenofied 16 companies in the Czech and Slovak republics where this appears to be happening.

Another potential pitfall for minority shareholders is diluoon of their position. Primorskii Shipping, a shipbuilder on the Pacific coast of Russia, aroused shareholder anger recently by announcing a new share issue that was authorized some two years ago at a shareholders' meeting. Many new sbareholders say they were not aware that permission had been given, and that in any event the share issue should have been done in a timely manner.

The Primorskii dispute is being resolved privately, but fund managers say the episode points up the need for Eastern Europe's new private sector to get its sbareholder relations act together - soon.

In the end, market forces may be the most effective agents of change. Says Richard Sobel, who manages Russian money for Baring Asset Management in London: "What we will find is that the companies which do more to help shareholders find they are able to do share offerings at a

In Developing Markets, Follow-the-Leader Can Be a Losing Game

By Barbara Wall

EVER follow fashion. This, if anything, is the lesson to be gleaned from the experience of investors who rushed to buy Eastern Europe funds back in 1990, just as these markets were becoming fashionable.
"There is a notable tendency for in-

well before investing their money," says
Well before investing their money," says
Peter Jeffreys, managing director of Fund
don, advises taking a deep breath first.
"The vast majority of the markets in
Fastern Europe are highly vestors to wait until funds are performing thinking of taking their money out.

to invest in the region," he adds.

Another lesson, according to fund managers, is that investors interested in emerg- local stock market is to buy American Deing Europe do best by taking a long-term view. "Markets in Eastern Europe are at the same point as Asian markets were in the are listed on either the New York Stock early 1980s," Mr. Jeffreys says. "Investors Exchange or the Nasdaq stock market.

who took a position on Asia in these days could have lost half their money overnight.

But those who stuck with their investment ADRs: a handful from Russia, two from will have made a hefty profit today."

With the right attitude firmly established, all that remains is the choice of investment vehicle. Independent-minded investors may be

persuaded to invest directly in the local stock markets. But Kenneth King, an emerging markers specialist at Kleinwort

precisely this juncture that they should be illiquid, and detailed information on stockmarket listings is almost impossible to get "With the main markets in Eastern Eu-hold of," Mr. King says. "Shareholders rope down by over 50 percent from pre- may also encounter settlement problems months, some by as much as 33 percent. vious highs, now is probably a better time and be unfamiliar with the different accounting systems employed."

One alternative to direct investment the positary Receipts, or ADRs, for one of the Eastern European companies whose ADRs

Turkey, and one from Hungary. So far there are none from Poland or the Czech or Slovak

Eastern Europe through a specialist re- market as the need arises. gional or country fund - but, as some even this route is fraught with danger. Many of these funds, especially the closedend country funds, have seen their net asset values plummet during the past eight

Mr. King warns that investors run the risk of getting "locked in" with a single-country fund unless they have a talent for predicting market movements. He cites the example of Turkey, "one of the better markets" but also an extremely volatile one: Investors with \$100 in Turkish stocks the fund is 20 percent invested in unquoted in December 1993, for example, would companies. Roy Bracher, managing direc-small part" of an investor's portfolio.

drop to \$33 by March 1994, then double to \$66 in the next 12 months. While single-country funds may appeal

to seasoned investors, first-time investors, higher-growth industries, generally do better by opting for a regional Another problem with ADRs. Mr. King fund. As long as the fund manager is good warns, is that they can be just as volatile as quoted securities on the local exchanges, so track record in the field, the risk is diluted, warns, is that they can be just as volatile as quoted securities on the local exchanges, so the potential for long-term returns is low.

A safer way, in theory, is to invest in A safer way, in theory, is to invest in from and the fund can switch to another

hapless investors found out five years ago, date is Invesco International's East Eu-exists in the emerging equities markets, fund recorded a fall of 21 percent in net asset value between November 1994 and May 1995, its assets have appreciated 333 percent since the launch date. The fund is invested throughout Eastern Europe, with a bias towards Russia and Poland.

The East European Development fund takes a two-pronged investment approach. As well as investing in quoted securities,

have seen the value of their investment tor for Central European Asset Management, a division of Invesco, believes unquoted companies offer better value than listed securities because they tend to be in

Peter Kysel, manager of one of the oldest funds, the Hungarian Investment Company

'The downfall of many East European funds is that they were created and mar-The best-performing regional fund to keted on the basis of the potential that ropean Development fund, which was he says. Had such funds also invested in launched at the end of 1990. Although the bonds, he adds, the damage sustained during the plunge of 1994 may not have been

Capital International's East European Investment fund, which was launched in 1993, goes that strategy one better by avoiding quoted securities completely and investing directly in companies. But Lam Nguyen-Phuong, manager of the fund, acknowledges that because of its highly speculative nature, it should form "just a very

Best Bets in the Czech Republic May Lie Off the Beaten Path

By Iain Jenkins

UXURY car dealerships are appearing all over Prague. New restaurants open almost daily. And more people are buying

the Czech Republic. With the economy set growth is coming from the smaller service to grow between 5 percent and 7 percent this year, the signs point to a surge in stock

rope have staged rallies in recent week, tries." Prague has been left on the sidelines. the market 'reaching the bottom' at companies haven't restructured them-around 1,200 on the H.N. Wood Index. selves fast enough since they were pri-Although the index is down 68 percent since its peak of February 1994, few say that the market has great growth prospects.

Instead they advise investors to look elsewhere in the region. Behind the paradox of the rapidly grow-

growth will miss the manufacturing companies quoted on the Prague Stock Exbeing created in the booming non-listed service sector.

brand-name products in increasingly sophisticated retail chains.

All of which would appear to confirm that the "feel-good factor" has returned to that the "feel-good factor" has returned to the Confirm that the "feel-good factor" has returned to the confirman, who manages the Barings Emerging Europe Trust from London. "Most of the confirman that the co sector companies and tourism rather than from manufacturing. There is value to be found, but the market will not rise as much But while other markets in Central Eu- as other Central and East European coun-

rague has been left on the sidelines.

Experts say one of the problems is that many of the Prague-listed manufacturing selves fast enough since they were privatized two years ago: They are swollen with too many workers, they bave failed to modernize their plants and products, and have been slow to seek out western mar-

"The privatized companies are facing

vice president of the Oppenheimer Capital luctant to play by the new rules: They tend Czech Republic fund, listed in New York. to be hostile to the idea of a shareholder change: Most of the jobs and wealth are In some cases, she adds, new companies are capturing market share 'right out of the box" from the privatized companies.

Ms. Mazen forecasts that within four or five years the number of companies listed on the Prague Stock Exchange will have shrunk from 1,700 to 200. She believes many companies that were privatized in the "mass privatization" — when the major manufacturing companies were handed over to the people for a nominal price — are not viable economic units: ome are only single factories, and each of the eight regional electricity, gas and heat-

ing utilities is listed separately.

In fact, although the mass privatization effectively built the stock exchange by creating a new class of company and shareholder, market observers also blame the mass privatization for the failure of exchange-listed stocks to reflect the real growth in the economy.

luctant to play by the new rules: They tend democracy, and many annual reports lack much useful information.

Uotil now this hasn't mattered much because the privatization was a social and political success: It gave each Czech citizen a stake in the new capitalist economy as a savings vehicle, so each time a family and built support for the government of Prime Minister Vaclav Klaus.

But, as William Crewdson, investment manager of the London-listed Fleming Czech Investment Co. fund, points out: There is an argument for saying that the privatización process has hindered rather than assisted the restructuring process. be changing. Alexander Angell, head of You would have expected to see more equity sales for Wood & Co., says that 30 You would have expected to see more rapid progress than has taken place so

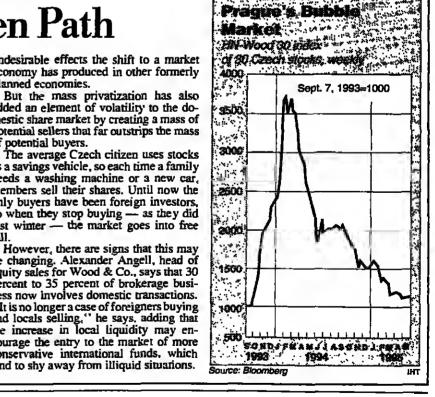
So far, the Klaus government's undeclared policy of slowing down the re- and locals selling," he says, adding that structuring to give the economy time to the increase in local liquidity may enadjust has worked - to a point. Un- courage the entry to the market of more employment is low, and the Czech Re- conservative international funds, which Since many state-run companies didn't public has managed to avoid many of the tend to shy away from illiquid situations.

ing economy and the dull outlook for real challenges and have gnt to restructure want to be privatized or broken up into undesirable effects the shift to a market stocks is the bizarre fact that much of the fast," says Elisa Mazen, co-manager and small parcels, they have often been replanned economies.

> added an element of volatility to the domestic share market by creating a mass of potential sellers that far outstrips the mass of potential buyers. The average Czech citizen uses stocks

> needs a washing machine or a new car, members sell their shares. Until now the only buyers have been foreign investors, so when they stop buying - as they did last winter — the market goes into free

> However, there are signs that this may percent to 35 percent of brokerage business now involves domestic transactions. "It is no longer a case of foreigners buying



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O CONSENSE OF SENSE IN BERLIN You can now receive the IHT hand delivered to your home or office every morning on the day of publication. Just call us tall free at 0130 84 85 85 . 35 For information on how to list your fund, fax Katy Houri at (33-1) 41 43 92 12. AS - Australian Dollars, AS - Austrian Schillings, BF - Belgar, Francs: CS- Canadian Dollars; DM - Deutsche Marks; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florer; LT - Luxembourg Francs; p-pence Pras - Peretas, SGS - Singapore Dollars; SF - Swiss Francs, Y - Yen; a - asked - - Offer Prices; M.A. - Not Available; N.C. - Net Communicated; c - New; S - suspended; SrS - Stock Split * - Ex-Private Fd.** - & Offer Price and 3°s pretim charge; - - Paris exchange; -- Amsterdam exchange; e - misquisted earlier; a-not registered with regulatory authority. P. Middle of bid and offered price. E. estimated price; y; price calculated 2 days price to publication, at the price.

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THE MONEY REPORT

Riding the Turkish Roller Coaster: Faint-Hearted Investors Need Not Apply

Mutual Funds Invested in Eastern Europe

of figures you use natural (ATOS which invest in Eastern Europe as directly the building to found (The Miclopal Value of \$100, income with laster excluding of stags to May 1, 1995

NVESTORS looking for a quiet life Janet Chisholm, an analyst at monitoring country's stock market is one of the most volatile in the world: It was the second best performing market after Poland in 1993 and the worst performing

This year the roller coaster is heading up again, thanks to strong exports, although fund managers warn that there is almost 10 percent of the \$30 billion Turkish share certain to be another plunge in 1996 unless inflation is reduced. But investors with the stomach for the

ride may find that their intestinal fortifude People don't understand how to make

money in this market," said David Edger-ly, manager of the \$70 million Alliance Capital Turkish Growth Fund in Istanbul.

The state of the s

group Fund Research, said dedicated Turkish funds have run into difficulties because they don't trade actively enough. "Focusing on the loog term can be an excuse for just sitting back," she said. "That is difficult to do in Turkey because the market is so volatile."

market, and there are practically oo do-mestic institutional investors. So the vast bulk of the approximately \$300 million worth of stock traded on the Istanbul exchange each day is generated by local retail investors, most of whom are looking for short-term gains and many of whom are buying and selling within a single day.

The volatility of the stock market is

"Keep your money in dollars and pick the companies that keep ahead of inflation."

There is more to it than that, of course.

Insert Chickeles and pick the family surprising. Turkey has an unstable government, inflation rates that hover and 5.5 percent in a good year and often industrial holding company which represents about 23 percent of the stock market's ing Emerging Markets Trust. top 100 perceot, high interest rates and a currency that has halved in value since the beginning of last year.

But investors raising their hands in horror should consider Turkey's plus points. The country is ideally placed between Europe and the Middle East and is the economic as well as geographical gateway to flation because they are able to sell their the rapidly developing republics of central Asia. Turkey's population of 60 million makes it the second largest country in Europe after Germany, and its private second as a second largest country. tor boasts a solid core of professional managers and entrepreneurs.

Turkish law was recently changed to allow insurance companies to amass large pools of money for investment purposes. It will be years before these new funds start

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Source: Micropal

has implemented a number of austerity measures designed to combat inflation and ultimately lower interest rates. She further plans to privatize state-run industries and cut agricultural subsidies.

make money during periods of high inproducts at ever higher prices. But if Mrs. Ciller is successful, the economic climate in Turkey may alter within a few years, bringing about big changes in the way Turks do business.

"The real test will come when inflation comes down," Mr. Edgerly said. "That will separate the good companies from the bad."

He said that the companies best prepared making serious investments, but their for oew economic environment included

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total capitalization; the Sabanci group, and EFS Pilsen Group, which cootrols about 70 percent of the country's beer industry.

Mr. Edgerly's Turkish Growth Fund nt agricultural subsidies.

Many companies have found it easy to according to Micropal, while the Turkey

Trust dropped 7.88 percent.

The only other dedicated fund is the \$240 million Turkish Investment Fund run by Morgan Stanley out of New York. That fund rose 60.98 percent over the same period.

doesn't fit oearly into any category and partly because of investor worries about exposure because interest rates are rising volability of the stock market. Turkey ac-political turbulence," said Martin Taylor, counts for less than two percent of the investment analyst at the fund in London.

'We moved into Turkey at the beginning of this year because we are positive about its prospects," said Steven Bates, a director of Robert Fleming Asset Management's European Group. "The government is making the right moves on the fiscal froot and the devaluation of the lira is helping export companies. We are skewing the portfolio as much as possible to export companies, but in the long term Turkey is

still a domestic story."
In contrast, Baring Securioes' \$90 mil-Turkey carries a relatively small weight-ing in broader funds, partly because it Turkish weighting to 13 percent from 22 the country's high rate of inflation and the again and because there has been renewed

The Lure of Privatization: A Tale of Four Markets

By Digby Larner

Portugal

European Unioo countries are probably not the first place emerging market investors think of putting their cash. But of the 15 otherwise developed economies in the EU. Portugal is proving a popular choice for emerging market portfolios.

Both Portugal and Greece have been in the news this week because of plans to privatize their telecommunications businesses, events highlighted by some analysts as a good reason to go overweight in each country.

The Portuguese stock market has traditionally been dominated by the banking sector. The telecom share issue should free things up and change the way the market is said Maryam Mansouri, emerging market strategist at Lehman Brothers in New York.

Moreover, she said, the Portuguese govemmeot is working hard to meet the economic coovergence criteria for creating a single EU currency established by the Maastricht treaty.

Portugal has reduced its budget deficit to 5.9 percent of gross domestic product from 7.4 percent in 1993. This was mainly due to improved tax-collection, which provided a massive boost to state revenue

Under the guiding hand of Prime Minister Cavaco Silva, the annual rate of inflation has dropped from 19 percent in 1986 to 5 percent this year.

But oot all of Portugal's economic progress is the product of government policy.

While the Organization for Economic Cothe back of export growth, which is itself partly a product of the devalued escudo. There is, however, little sign of this

fueling inflation which the OECD expects to remain stable for the rest of 1995. Analysts are optimistic the stock market will be a major beneficiary of the country's

cconomic progress. Portuguese stock prices are down by about one-third on the rest of the European Union. We're hopeful they will pick up about 20 percent to 30 percent by the year

Greece

end." Ms. Mansouri said.

Like Portugal, Greece is committed to bringing its economy up to speed with the rest of the European Union as part of its plan to introduce the single European currency by the end of the decade. Unfortunately, Greece is finding it harder to make progress.

Hamstrung by government borrowing at 118 percent of gross domestic product, inflation above 10 percent and GDP growth of only I percent, there seems little obvious hope of the Greek stock market taking off. But news this week that the Greek government plans to privatize part of the stateowned relecommunications monopoly, OTE, was greeted warmly by analysts who took it as a sign that investment prospects in Greece could be improving.

Although the country's privatization program is integral to the future well-being its economy, bringing projected receipts of \$2 billion over the next three years, the government has had trouble getting it off the ground. The flotation of 25 percent of OTE, originally set for last November, was called off at the last minute amid objections from trade unions that foreign institutions were being allowed too big a portion of the

corporation's shares. This time around the government has scaled down the proposed issue to 8 percent of the corporation in the hope that a smaller offering will be less provocative. It has also said shares will only be sold to the domestic

Even so, the flotation is five times bigger than any previous issue on the Athens exchange and some analysts still expect foreign institutions to eventually become the main sharebolders.

Ms. Mansouri is heartened by news of OTE's privatization and said it vindicated her decision to increase her position in Greek stocks. But Evricos Sarsentis, senior Greek analyst with Schroder Securities in London,

warns against counting on the privatization of OTE until it happens. 'Although the government's talking about completing the privatization in the fall nothing has been finalized yet. I'm sure it will happen eventually but whether it

comes sooner or later is another matter."

Poland

The Polish stock market has given investors a dramatic ride over the last two years. In 1993 Warsaw had the best peroperation and Development estimates that forming stock index in the world, with Portugal's GDP will grow by 2.6 percent growth in dollar terms put at 875 percent this year, compared with 1 percent last from those dizzy beights, between May year, this is expected to be won mostly on and June last year, two bouts of panic selling caused the index to fall by more than 50 percent.

Since then the market has been fairly calm, staying flat for the first few months of this year and only beginning to pick up slightly at the end of March.

But James Hancocks, an analyst with fund managers Guinness Flight in London, says that despite Poland's apparent malaise it remains one of the more promising emerging European markets. "Its fundamentals are stronger than either Greece, with its public sector problems, or Portugal. It's a market that has been dormant for a very long time."

Of particular interest is Poland's mass privatization program, which aims to float up to 450 state-owned businesses this year alone. Mr. Hancocks says this has helped create an exciting small and medium-sized corporate sector. The only drawback is that the companies are not always listed, so it can be hard for foreign investors to get bold

Hungary

Hungary has found the transitioo from command economy to the free market harder than some of its former East Bloc neighbors. This is despite the promising start it made by embarking on certain economic reforms even before the Communist Privatization, in particular, has been slower than hoped with only 30 percent of all state-owned businesses coming to the 1991 to 6 percent at the end of 1994, and

market by June 1994. The re-election of the center-left coalition last May and the later resignation of Finance Minister, Laszlo Bekesi, a reformist, caused many international investors to move their emerging market cash elsewhere.

Steve Bates, an emerging market analyst with investment manager Robert Fleming in London, says Hungary's fal- doom and gloom the prospects for intering progress is typical of emerging vestors look surprisingly good.

trend: initial euphoria, lots of bedge-fund money rolling in, followed by the awful crunching reality of discovering that liquidity is poor and there is a limited choice of shares. Everybody heads for the exit and the market collapses.'

Although initial fears that the new govemmeot would halt market reforms turned out to be unfounded, some analysts are still wary of how the economy is being managed, especially since some of Hungary's economic indicators are worsening.

Since 1991 the country's budget deficit has been steadily deepening, going from 4.1 percent of gross domestic product in

the budget deficit is also worsening.

Over the same period Hungary has swung from surplus to deficit in both its trade and current accounts. Inflation is also running high and is expected to hit 27 percent this year, compared with 20 per-cent in 1994.

But agaiost this backdrop of apparent

In the last year Hungary has enjoyed "Poland probably bit the bullet a bit economic growth of around 3 percent, more forcefully than Hungary, where there roughly equal with Poland. Exports and ave remained steady privatization issues, 'he says.'But their employment, at a little over 11 percent, is markets have followed the same sort of comparatively low.

Mr. Bates reckons that now is a very good time for emerging market investors to start soapping up Huogarian stocks: "I think the market is very cheap and some shares are beginning to show signs of life ooce more. Certainly the quality of the companies you can buy has gone up tremendously. We think there are good opportunides there because you can buy shares at a fraction of the multiple you would pay for the equivalent in Western

A New Euphoria Reigns In Unpredictable Russia

By Iain Jenkins

OSCOW brokers have already forgotten the gray gloomy days of last winter when there seemed to be oo bottom to the Russian market. Within a few weeks of summer the Chechnya war and the traumas of the ruble's devaluation are distant memories as attendon switches to the return of the bull market.

Such is the nature of Russia. When it looks bad, it is very bad. Foreigners pull out and the locals ship their cash to off-shore banks accounts. But when there are 2,000 banks. So far most of it has been put signs of improvement the process works in reverse. Suddenly, there is one-way buying a strong likelihood that it will be used more and the stock market takes off,

Up to February last year everyone had the same view. Russia was cheap and the bullish evidence say that there is an es-CS First Boston ROS index, which tracks
Russian stocks, hit an high of 1,700. Then everyone decided that Russia was a basket case and the market plunged to 420 in April of this year.

All that has changed again and the upswing is under way. In one day last month the index shot up 25 percent and has now reached 620.

pushed the market sharply upwards. If there is a development that allows really big inflows of foreign money then the market could go crazy.'

For the time being the impediment to really big inflows of foreign investment is the disorganized Russian settlement sysrem. In some cases share certificates have American asset managers from setting up omy. Russian mutual tunds until the situation improves.

There are signs that this may be hap-pening. A number of U.S. banks are in the process of putting Moscow custody arrangements into place, and the SEC recently allowed the Templeton fund management group to launch a Russia mutual fund. It will be the first New York-listed Russia fund and joins a handful of European funds,

Derick Pearlin, head of equity trading for ICFI Moscow Partners, says: "There is a lot of money waiting on the sidelines. Once the settlement issue has been resolved everyone is expecting another rally. Investors will be able to pick the jewels out of the mud at low prices."

He says that many stocks are back down to the prices at which they were privatized and that valuations are very low even for "red chips," as the big liquid stocks are called. As an example, he cites the fact that oil companies in Russia are valued at 50 cents a barrel of proven reserves, one-tenth the valuation normally accorded Western oil companies.

Mr. Pearlin adds: "Another factor which could boost liquidity is the amount and more in the equity market.

tain that this money could be tempted back into Russia and into equioes if investors were coovinced that currency and political situadon really have stabilized.

Once again, there are positive signs on the economic froot. The ruble, which was tumbling last autumn, has settled at around Bill Browder, vice-president of emerg-ing market equities at Salomon Brothers in London, says: "It is a liquidity-driven mar-ket. An inflow of \$100 million last month interest rates are falling.

THE political situation, bowever, remains the most worrying factor for investors. No one is prepared to discount a shock result in either the parliamentary elections in December or in the presidential election next June. But gone astray, leaving investors sitting oo seasoned market-watchers believe that the large losses. As a result, the U.S. Securities electoral ouncomes will have little, if any, and Exchange Commission has stopped effect on the developments in the econ-

Jura Ostrowsky, investment manager and analyst for Pictet & Co. of Geneva. which runs the First Russia Fronders Trust, says: "Democracy may be under threat in Russia and the hardliners may get in, but it woo't have any effect oo the market. The development is bappening so fast and there is no way back.

Wheo the real money comes into Russia, everything will go up very quickly," Mr. Ostrowsky says. "I wouldn't be surprised to see jumps of 10 percent to 20 percent aday. There is a lot of interest from Western investors, and it is only a matter of time.

BRIEFCASE

isle of Jersey Goes On-Line

As offshore centers have proliferated, their promoters have had to resort to in- and is available to anyone with Internet creasingly sophisticated means of getting their message out. Toll-free, 24-hour in-formation lines having become standard equipment, it was only a matter of time pany that provides local Channel Island before the offshore centers tapped into

The island of Jersey has just installed an

addition to official statistics and informa- investors and giving Jersey-based com-600 on laws and regulations relevant to the panies a new way of disseminating reports

financial sector, the 250-page magazine, called Offshore Jersey, also carries articles from local journals on politics and business. The information is updated regularly

Nick Ogden, managing director of In-teractive Telephony Ltd., the Jersey comaccess to the Internet, says he hopes the service will be a two-way street - providing Jersey's regulators with new chaninteractive "magazine" on the Internet. In nels of communication with banks and

and other press information. More information is available by calling the States of Jersey Financial Services De-

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through Coutts & Co., is now available to selected customers of Union Bank of Switzerland and will be offered this fall through Deutsche Bank in Italy and SE Banken in Sweden. Banks in Austria, Denmark, the Netherlands and Turkey also are expected sign up this year. Europay International, the Belgian company that administers the Signia program,

card program launched last year in Britain

says the card offers such typical premium services as high spending limits, emergency cash facilioes, and a 24-hour Signia Assistance Center for traveler's aid and other information.

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Reconstruction in East Germany: Get It While It's Hot years, purchasers of properties in Eastern Ger-many may deduct approximately one-half of ing that investors who purchase a 100,000 DM initial guarantees on rental income or by mixing properties in Eastern and Western Germany.

By Baie Netzer

new construction in Eastern Germany. Collective investment vehicles with some or

all of their holdings in Eastern German real estate are experiencing something of a boom. According to industry figures, more than 20 billion Deutsche marks (\$14 billion) poured into so-called "closed funds" in 1994. The closed funds function much like limited partnerships — and, in a country where tax rates can reach above 50 percent, they are currently enjoying the same kind of popularity that limited partnerships had among high-income Americans in the 1980s. But open-ended investment funds that keep

part of their holdings in the east are also doing well. Though such funds have been available for decades, they took in 7.7 billion DM last year, according to the Association of German Investment Companies. While everyone — including the government

many's eastern provinces, few deny that the ones for whom this type of investment makes current popularity of closed real-estate funds the most sense. has more to do with tax minimization.

in addition to a 2 percent and the first five German city of Leipzig. A "loss pass-through" available on all properties over the first five

initial acquisition costs. ERMAN investors in high income brackets have found a way — for now — to combine their abhorrence of high taxes with the need to finance high taxes with the need to finance living at 50 000 DM Theoretically, then, a maximum write-off of 59,000 DM on their tax declarations.

lying at 50,000 DM. The advantage for high-income individuals and those in the top individual bracket pay 53 percent - is that closed real-estate funds pass this tax write-off through to their investors.

allowing them to offset gains on other investments when they file their taxes. Open real-estate funds do not offer the same dramatic tax advantages but, because of their greater diversification and liquidity, are considered much safer. 'Investors in closed funds generally expect

to take all the losses in the first year or two," explained a spokesman for the insurance company Allianz Lebenversicherung, which sponsors the Allianz Immobiliensfonds I KG fund. 'But it obviously only makes sense for those in the highest tax brackets. You can't save much on taxes unless you're already paying quite a bit." Investors whose tax rate exceeds 30 perwhile everyone about modernizing Gercent even after the writeoff, he adds, are the

The Allianz fund has invested in construction attractive. Mr. Ewert of G.U.B., for instance.

are in the fund can likely write off about Yet despite the potential for impressive savings, experts say a number of factors will ef-

fectively brake the flow of money into real estate investment funds in the years ahead. 'So much has been built in East Germany in the last few years that no one is quite sure that it can all be rented," said Karsten Ewert, an analyst with the closed-fund rating service G.U.B. in Hamburg.

That poses particular problems for investors in closed funds, since Germany's tax authorities require a demonstrable intent to profit over the long-term in order for investors to write off short-term losses. Funds that invest solely in Eastern German real estate and then go bankrupt if their properties prove unrentable could appear suspect to the Finance Ministry.

What is more, the tax benefits currently afforded are not expected to hold out much longer. Benefits specific to Eastern German property are only effective until the end of 1996, and the 2 percent write-off available on all property has already been reduced from the 5 percent that was previously available.

Despite these risks, experts say that longterm-oriented investors may still find some funds

One such fund is J. Deinböck Renditefonds 3 KG of Munich. Besides investing in a shopping center planned to open this month in the Eastern

German city of Stendal, the fund holds a completed and fully-rented commercial building in the Western German city of Bremerhaven. The advantage for our investors is that we can combine the tax advantages of investing in

new construction in the east with the income security of top quality real estate in the west," said Yvö Junkers, a spokesman for Deinböck. Investors for whom short-term tax savings are less important may prefer one of 14 openended funds, which also seek to profit from

long-term property appreciation. Their basic advantage is that they allow individual investors to purchase a geographically widespread portfolio of properties for relatively little money," said Wolfgang Raab, spokesman for the Association of German Investment Companies.

Open real-estate funds generally hold a greater number of properties and require lower minimum investments than the closed funds. The DIFA-Fonds Number 1 fund, for instance, holds 79 properties, with Eastern cities like Leipzig, Potsdam and Berlin making up only a small percentage of the portfolio. There is no In addition to a 2 percent annual deduction of a commercial office building in the Eastern points out that a number of funds have sought to tribution of at least 5,000 DM or not less than points out that a number of funds have sought to tribution of at least 5,000 DM or not less than points out that a number of funds have sought to tribution of at least 5,000 DM or not less than minimum, but the fund recommends a con-

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In h

New Hemisphere, Old Battle for European Rugby's Perennial Rivals *

By Ian Thomsen International Herald Tribune

JOHANNESBURG - The never-ending argument resumes this weekend. France is going to wrestle with Scotland again, and Wales is going to wrestle with Ireland again, and next weekend the winners are going to wrestle with each other again.

Sometime late in the opening half, as they're preparing to hury their shoulders into each other's necks, it's going to strike them. Why is the air so thin? Why is the ground so hard? And they'll realize they flew 10 hours overnight into the warm African winter in order to do what they do every winter in

The opening rounds of World Cup group play conclude this weekend, and all of the decisive matches involve the protagonists of Europe's annual Five Nations Championship. Most of the other 11 countries here have either knocked themselves out of contention or, in the case of South Africa, Australia and New Zealand, practically assured their path into the knockout rounds.

out. It meets Western Samoa on Sunday night in Durhan to decide the winner of Pool B. The winner goes on to meet Australia in a quarterfinal, while the loser gets South Africa. The loser might very well be England, which has settled its first two matches here with all the fire of an accountant. Western Samoa, making him the all-time leader with 198 World Cup on the other hand, has come through like Errol Flynn waving his sword on a hurning ship.

Maybe England is bored, not boring, and needs a challenge. The same may be true with France. The French need to lie down on a couch and talk things out. Either that or they need to pound Scotland, for Scotland represents all that the French fear in themselves. Last winter, after a humiliating loss to England at Twickenham, the French were expecting to steady themselves against Scotland in Paris, where the Scots had not won since 1969. Then Gavin

Hastings and Scotland had indeed been left for Five Nations this year. dead, but ever since that legendary, final-moments try he has achieved a new ascendancy that might team that upset France, with Craig Joiner and Scott

Among the Europeans. England is the odd man seem almost Faustian if he weren't so wholesome. The Scots gave England a hrave go (braver than the French gave) to finish second in the Five Nations tournament. In South Africa, they have demolished lvory Coast and Tonga hy a combined 130-5, with 75 points and five tries coming from Hastings -

> "I'm one of those guys who looks forward, not backward, and now the most important thing is the game on Saturday," said Hastings, who will retire at the end of the tournament. "We've lost only once in 1995, we've played pretty attractive rugby and I would suggest that the spirit in the Scotland camp has never been higher."

Their match Saturday in nearby Pretoria is prohahly the most important of the weekend. The loser will be given little chance in its quarterfinal against Hastings scored his try up the middle like a man New Zealand, but the winner will go on to receive rising rather natury from the grave.

Scotland has made only three changes from the

Weir back at lock instead of Stewart Campbell. France, meanwhile, has recalled Christophe Deylaud (recovered from surgery three weeks ago for a hroken thumh) to fly-half, the position he lost after the loss to Scotland.

While the Scots have been hving with their wives and girlfriends, the French have become monks isolating themselves from loved ones, shaving their heads, shrugging their shrug. They know they should be so much better than they have been, and the whole world would like to see them improve. At their best, they represent the height of style. At their worst, they have been accusing the Scots of heing banned from two local restaurants.

"Everybody in the French camp, the press, the fans, was talking about it," said Guy Laporte, the French team manager. "It started with our three-quarters shaving their heads. I said I preferred my players to shave their heads rather than break up a restaurant.

The two restaurants have denied the allegations.

Hastings replacing the injured Gregor Townsend and Scotland — calling it "a complete and utter and Ian Jardine as the center pairing, and Doddie fabrication"—has filed a complaint against France with the World Cup organizers. But Laporte was sticking with his story that the Scots broke some

wine glasses. "They broke perhaps one, 10 or a hundred glasses it's not my problem," Laporte said, shrugging, Waiting for the winner will be Wales or Ireland

who each one victory in the Five Nations when Ireland handed Wales the wooden spoon. They meet again here Sunday to decide which will be runner un from Pool C. In the long run, it may not matter how the

Europeans settle their internecine squabhles. The Welsh manager, Alex Evans, an Australian, bad thought his team could beat New Zealand on Wednesday, but the All Blacks reminded him with a 34-9 beating of the differences between north and

"Their rugby is quicker, their grounds are harder and they are just able to change gear quicker," he said. "It's a faster game in the Southern Hemi-

Dodgers Unfazed By One-Night Stand

The Los Angeles Dodgers' one-night stand in Ailanta seemed to alter Tommy Lasor-

da's sense of direction, "At least we didn't have to go much out of our way, since we were going from Philadelphia hack to Los Angeles. Atlanta

NL ROUNDUP

was right on the way, and I'm glad we stopped off," the Dodgers manager said after his team beat the Braves, 6-3, Thursday in a rare one-game series,

In a scheduling quirk brought about by the baseball strike and the 144-game sched-ule, three clubs hosted onenight series. The others were

Phillies and the Expos, Los Angeles finished up an East Coast trip that took it to New York, Montreal, Philadelphia and Atlanta.

and two runs scored for the save.

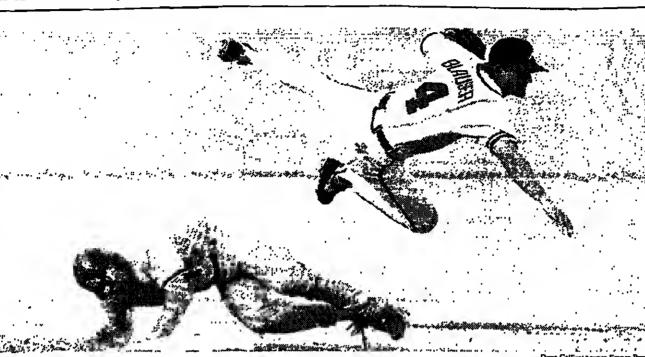
RBI single to extend his hitting streak to 16 games, and Jose

Offerman his a solo home run. Ismael Valdes pitched a seven-hitter with six strikeouts and no walks for his first career complete game.

Braves starter Kent Mercker had a career ERA of 1.05 in 34 innings against Los Angeles, hut was roughed up for nine hits and six runs in 63 innings.

Pirates 5, Reds 3: In Pittsburgh, left-hander Denny Neagle extended the longest winning streak of his career to five games, striking out five and scattering five hits in six innings against Cincinnati.

Neagle got help from his hullpen, as rookie reliever Jeff McCurry struck out Reggie Sanders with two outs and the bases loaded in the top of the seventh, preserving a 4-3 lead. Roberto Kelly went 3-for-5 and Dan Miceli struck out the with three RBIs, two doubles side in the ninth for his seventh



Atlanta's Jeff Blauer leaping over Tom Prince to turn the double play against the Dodgers, who still went on to victory.

Phillies 5, Cubs 3: Philadelphia increased its NL East lead io five games as Kevin Stocker hit a two-run single in the botgo and Heathcliff Slocumh got

the last three outs for his major- ing St. Louis to five hits over

league-leading 14th save. Expos 6, Cardinals 2: In five and contributing an RBI Montreal, the Expos rookie triple. He towered his ERA to tom of the eighth against Chica- left-hander Carlos Perez im- an NL-low 1.54, proved his record to 5-0, limit-

seven-plus innings, striking out

Moises Alou and Tony Tar-

only .005 percentage points behind Atlanta in the NL East.

asco each went 3-for-4 and Mark

Grudzielanek went 3-for-5 to ac-

count for nine of Montreal's 11

hits. The third-place Expos are

A Streak Is Ended. **But Rangers Win**

Kenny Rogers that he pitched the longest stretch of scoreless innings since Orel Hershiser set the major-league record with 59 straight in 1988.

Minnesota's Kirby Puckett, on the other hand, said the Tex-

AL ROUNDUP

as Rangers' left-hander had done something special.

"This is something he should be very proud of." Puckett said after Rogers's streak stopped at 39 in Texas's 6-3 victory over the visiting Twins on Thursday. "I'm sure he's not thinking about it now, hut when he looks hack, it should give him a sense

To Rogers, the team-record first four-game sweep of Chica-streak is no big deal. He just go since 1976. hopes it proves to his doubters

that his perfect game last summer was no fluke.

sas City's Kevin Appier for the league lead with six victories.

** 195 \$

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me Blac

Secret Visit No.

It doesn't mean much to Rogers was tagged with two carned runs in seven innings Thursday. He gave up five hits, walked only Pedro Munoz and struck out five.

"The streak was in the back of mind, but foremost was to get a good start and win the said Rogers, who in the fourth inning broke Charlie Hough's team record of 36 straight scoreless innings, set in 1983. "I'm kind of glad it ended. Now I focus on quality starts."

Indians 7, White Sox 4: In Cleveland, the Indians got home runs from Eddie Murray, Albert Belle, Jim Thome and Paul Sorrento to complete their

The Indians lifth straight victory improved the American League's best record to 22-9. He leads the league with a matching Cleveland's hest 1.58 ERA and is tied with Kan-starts in 1941 and 1966.

SCOREBOARD

Major League Standings AMERICAN LEAGUE NATIONAL LEAGUE

Thursday's Line Scores AMERICAN LEAGUE

Beta, Fortuga (7) and Karkovice; Bioch,
Tovarez (5), Poole (8), Plunk (9) and Tucker.
W—Black, 1-1, L—Bere, 1-4, 5u—Plunk (1),
HRs—Chicasa, Ventura (8), Cieveland, Belle
(7), Murrov (8), Thome (9), Sorrenio (11),
Minnespia 000 000 120—3 8 2
Texas 93 300 00x—6 11 0
Radke, Sonford (4), Schultstrom (81 and
Mothert France, McChavell (18), Russell (19)

and I. Rodriguez, Valle 18). W—Rogers, 6-2. L—Rodke, 2-4. Sv—Russell 171. HRs—Texas. Polmer 19). I. Rodriguez 12). NATIONAL LEAGUE kins; Williams, Chariton IBL Slocumb 191 and

Webster, Doulton 19). W-Chariton, 2-2. L-Trachsel, 2-2. Sv-Slocumb | 141, HR-Chi-

Valdes and Prince; Mercker, Bedroslon 17. Clantz 181, Slanton 19) and J. Looaz W-Valdes, 1-2, L-Mercker, 2-2, HRs-Los Angeles, Offerman 11. Allants McGriff 181.

77), Piesoc (8), Micell (9) and Parent, W—Neogle, 5-1, L—Rijo. 3-3, Sw—Micell (7), HR3--Cinclanati, R. Sanders (6), Pritsburgh, Merced 2 (3). Japanese Leagues

Friday's Results

NBA Playoffs

5 2-7 7, Reio 1-2 3-4 19, Person 2-3 0-44, Rivers 5 2-2 7, Reio 1-2 0-4 2, Cummings 1-2 0-0 2 otols 36-74 21-31 95. Houston: Elie 3-5 0-0 7, Horry 7-16 2-3 22.

2-8 1-2 6, Cassell 3-10 4-7 10, Jones 0-0 0-0 0. **A Cassell 8-41. Fooled out—None. Rebounds—San Anionio 49 IRodman 17). Houston 51 Ololuwon 171. Assists—San Anionio 20 Johnson 181. Houston 25 | Orester 7). Total fourt—San Anionio 22, Houston 25. Technicals—San Anionio Illegol defense. Flogrant fourt—Gan—Damon

Leading placings in the 20th stage of the

HOUSTON 21 22 22 24—100 (Houston wins series 4-2) San Antonio; Elliott 6-15-5-18. Rodmon 7-9 0-9 14, Robinson 6-17 7-12 19, Del Nagro 3-9 4-5

la Juwon 16-257-83% Orexler 6-164-616.5 oven 0-1 0-0 D. Totots 37-81 18-26 100, 3-Point goals—San Anfonio 2-7 | Elliott 1-3, vers 1-3, Person-0-11, Houston 8-30 | Horry 6-

Gira d'italia over 283 kilometres from Brian-con la Gressoney SI Jean on Friday: 1.Sergel Outschakav. Ukraine. Polil. 4 hours 59 minutes and 58 seconds; 2, Poscol Richard

Switzerland, Moolificia MG, 5 seconds be-hind; 3, Ploir Usrumov, Latvia, Gewiss Bal-lan, 8 sec.; 4, Evpenv Berzin, Russia, Gewiss Ballon, some lime; 5, Oliveiro Rincan, Colom-bia, ONCE, 5.1.

& Cloudle Chiappucci, Holy, Correra, 26 sec.: 7, Povel Tonkov, Russia, Lam

sec.; 7, Povel Yonkov, Russia, Lampre, S.I.; 8, Yony Rominger, Switzerfand, Mopel GB, S.I.; 9, Poolo Lanfranchi, Ifoly, Breschold, S.I.; 10, Ceorg Totschnia, Austria, Polit, S.I.; 10, Ceorg Totschnia, Austria, Polit, S.I.; 10, Overall Standings; 1, Rominger, 89 hours 1 minute and 33 seconds; 2, Berzin, 4 minutes and 50 seconds behind; 3, Uarumov, 4:55; 4, Chlappucci, 9:35; 5, Rincon, 10:03; 6, Yonkov, 11:31; 7, 15, Heinz Imbaden, Switzerland, Ceramiche Reflit, 11:52; 8, Totschnia, 12:22; 9, Francesco Cosagrande, 1loty, Mercalone Una, 13:07; 10, Zaina, 13:44. The second state of the second

NHL PLayoffs CONFERENCE FINALS

DETROIT 8 1 8 1—2
(Defreil leads series 1-8)
First Period—1. Chicago, Murphy 7 (Roenick, Welarich), 15:19 (pp.), Penatties—Ciccoretiil, Def (charging), 4:26; Smith; Chi (high-slicking), 7:03; Primeau, Def Iroughingi, 14:36; Grabaru, Chi Interferencel, 19:36.
Second Period—2. Detroil, Primeau 3 (Burr, Sheppord), 2:26. Penattiv—Russell, Chi (roughing), 8:77.
Third Period—None, Penatties—None.

Overtime—3. Detroll, Lidstrom 4 (Pri-meou), 1:0L Penatites—None, Shots on gool—Chicago 9-4-1-0—14. Detroll Belfour 8-4 (24 s non 9-1 (14-13).

Property of the second

BASEBALL.
American Longue
BALTIMORE—Agreed to forms with Bret

MINNESOTA-Sluned Scott Leius, third TEXAS-Activated Juan Gonzalez out Shown Hore, outfielder, for reassignment. Signed Tim Hulett, Infielder, to a minor-

Mational League
COLORADO—Placed Bruce Ruiffs, plicher, on 15-day disabled list, retrocelive to May 29. Recolled Mark Thompson, pitcher, from Colorado Springs, PCL League. SAN O1EGO—Agreed to terms with Ben

BASKETBALL

HOCKEY

FOOTBALL Mational Football League GREEN BAY-Signed Robert Brooks, wide

INOIANAPOLIS-Re-signed Grant, Inebocker,
JACKSONVILLE—Signed Tony Bos.
Brian DeMarca, and Marcus Price, offers fockies; James Stewart, running backs Ryan Christopherson, follback; Bryan Schwartz, Ilnebocker; Chris Hudson, safety: Rob John-son, quarierbock; Mike Thompson, defessive on quorierbock; Mike Thompson, defensive ockle; and Curtis Marsh, wide receiver. LOS ANGELES—Signed Joo Aska, rumning

NEW ENGLAND-Stoned Jim Stover.

NEW ORLEANS—Re-signed Soon Lump-in, safety, and Selvyn Jones, cornerbook, to N.Y. JETS-Signed Hugh Douglas, defen sive end. to 4-year contract.
PITTSBURGH—Released Mark Walczak.

ST. LOUIS-Slaned Leonard Russell, run TAMPA BAY-Agreed to terms with John

Body, sofety, on 2-year contract. WASH) NGTON—Signed Jamile Asher, tight

ANAHEIM—Signed Jorrod Skalde, canter, to 1-year contract.
CALGARY—Fired Dave King, coact.
LOS ANGELES—Acquired Jun Venet defensement, from Harrford for a 1995 4th-round draff pick.

METRO ATLANTIC ATHLETIC CON-FERENCE—Named the Rev. William McConville, president; the Rev. Vincenting, Cooks, vice president; John D'Argenic, choir loyce Legers, chair of the women's senio

ne College effective with 1996-97 occ SUN BELT CONFERENCE-Extended

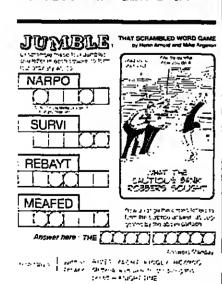
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EASTERN KENTUCKY-A runsierred from Georgio Tech. JACKSONVILLE—Named Pl men's assistant basketball coach.
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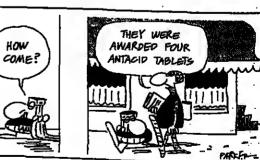




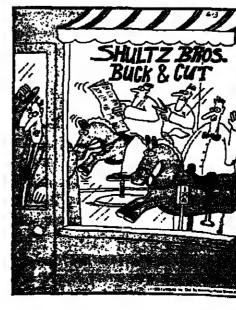
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THE FAR SIDE







Home at Last, Rockets Oust Spurs to Gain Final

By Richard Justice Washington Post Service

HOUSTON - The homecourt finally became an advantage, and the Houston Rockets used it to clinch a second straight trip to the National Basketball Association Finals by defeating the San Antonio Spurs, 100-95.

Center Hakeem Olajuwon scored 39 points and grabbed 17 rebounds on Thursday to lead the Rockets, who became the first team to win at home in this series. Houston needed six games to wrap up the best-of-seven Western Conference imals and oust the team with the best record in the NBA during the regular season.

The Rockets await the winner of the Orlando Magic-Indiana Pacers series.

Houston forward Robert Horry clinched it with a pair of foul shots with 13 seconds left. Those were the last of his 22 points and his easiest on a night when he went 6 for 11 from

DETROIT - Detroit knew

the Chicago Blackhawks would

be a powerful playoff test, un-

Realizing that there would be oo more 6-2 blowouts, the Red

NHL PLAYOFFS

Wings went to work. The effort

produced a 2-1 victory as Nick-

las Lidstrom scored at 1:01 of

overtime in the opening game of the National Hockey League

Western Conference finals

Thursday night.
"Both teams played the way playoff bockey should be

played," said Detroit's coach, Scotty Bowman. "None of the

top players on either team had

any room at all. That was pure,

old-time hockey."

Game 2 will be played Sun-

like the San Jose Sharks.

In OT Test, Red Wings

Overcome Blackhawks

Deyond the three-point line. 84-77 lead with 9 minutes, 48 Clyde Drexler led Houston's seconds left in the fourth quarfourth-quarter rally and fin-ished with 16 points, 10 rebounds and 7 assists.

"I'm probably the proudest man in the world right now," said the Rockets' coach, Rudy Tomianovich. "It's hard to express how you feel about a group of guys that are backed up against a wall and hang together and get the job done. It's
just heartwarming. I wish everyone could go through it."

David Robinson, plagued by
foul trouble, led San Antonio

with 19 points, but was just 6 for 17 from the field. The NBA's most valuable player also had six turnovers, and in the final moments, missed three foul shots and turned the ball over. Point guard Avery Johnson kept the Spurs in it with 19 points and 10 rebounds, and Dennis Rodman grabbed 17 re-

bounds and scored I4 points. Neither team led by more than five points in the first three quarters, but Houston scored eight unanswered points for an

Detroit swept San Jose in the

Joe Murphy opened the scor-

ing Thursday with a first-period goal for Chicago. Keith Pri-mean tied it in the second.

Each team had nine shots on

without Steve Yzerman, who is expected to miss at least two

second round, winning three of

NBA Finals next Wednesday in either Orlando or Indianapolis. Until Thursday, road teams had won the first five games of this series, but the Rockets are accustomed to doing things the hard way. A year after winning the franchise's first championship, Houston finished the reg-ular season with the sixth-best record in the NBA.

ter. Drexler's basket after a

steal gave Houston a 92-83 lead

the Rockets would coast in.

with 5:53 left and it appeared

The Spurs rebounded with a

10-0 run of their own. Doc Riv-

ers led the charge with seven of

the 10 points as Robinson was

on the floor with five fouls. But

Drexler gave Houston the lead

for good with a pair of foul shots with 2:30 left. Robinson

missed a short jumper and Horry controlled the rebound.

Horry then nailed a 3-pointer

for a 97-93 lead with 1:40 left. Robinson missed a pair of

foul shots and Sam Cassell made

one with 37.5 seconds left. Rod-

man scored with an offensive

rebound with 28 seconds re-

maining, but Horry's foul shots

chance to catch their breath be-

fore playing Game 1 of the

ended it for the Spurs.

Since then, they've knocked off the NBA's three top teams: San Antonio (62-20 in the regular season), Utah (60-22) and Phoenix (59-23). the games by 6-2 scores and a

They fell behind the Jazz 2-1 in a best-of-five series before rallying for a pair of victories, including Game 5 in Salt Lake City. They fell behind Phoenix 3-I in a best-of-seven series begoal in the first period. Then the Red Wings, the NHL's best team during the season, began to gain an edge. Despite playing fore winning three in a row, including Game 7 in Phoenix. And in knocking off the Spurs, they won twice away from bome, lost twice at home and won again away before winning Thursday in Houston.

weeks with a knee injury, the Red Wings outshot the Black-hawks 14-5 the rest of the way. "You can't underestimate the heart of a champion," Tomjan-Lidstrom's winning goal ovich said. These guys have it came on a slap shot from just inside the blue line. It was set and I'm really proud of them. It's a team game and everybody has a role. The other day Mario up by Primean, who won a fa-Elie scored three points, but when be was on the floor, the Rockets scored 30. Yon've got to have everyone." Belfour's view of the puck.



In prime form, Couchita Martinez pounding a serve Friday in her defeat of Julie Halard.

Results From Friday's 3d Round Matches

Men's Singles, Third Round
Yevpeny Kafelnikov (91, Russia, def, David
Wheeton, United States, 6-2, 6-1, 4-6, 6-3,
Thomos Aluster (51, Austria, def, Carlos
Costa, Spain, 6-3, 7-5, 6-2,
Alberto Costa, Spain, def, Bernd Karbacher,
Germany, 7-5, 6-2, 6-2.

Andrei Medvedev, Ukroine, det, Alberto lerosotegui 1111. Spoin, 3-6, 6-3, 4-6, 7-5, 6-3. Alex Corrello, Spoin, def, Wayne Ferreiro 8), South Africa, 6-4 7-5 6-2

Glenn Burke, 42, a former outfielder for

the Los Angeles Dodgers and the Oakland Athletics who was the first major-league base-

ball player to publicly acknowledge his bomo-sexuality, died Tuesday in San Leandro, Cali-

Burke played in the majors for four and a

fornia, of complications from AIDS.

Younes El Aynooul, Mor s, Australia, 6-2 7-5 6-2 Andrel Medvedev, Ukri Andrei Medvedev, Ukraine, def. Alberto Berosategui (11), Spain, 3-6, 6-3, 4-6, 7-5, 6-3. Jim Courier (13), United States, def. Chris-Roud, Norway, 6-4, 6-3, 6-4. Women's Singles, Third Round

G. Burke, Ex-Major-Leaguer, Dies of AIDS

SIDELINES

Conchita Martinez (4), Spoin, def. Julie Ha-lard, France, 6-1 6-2 Gabrielo Sabatini (8). Ar Spirica, Romania, 6-3 6-4,

half seasons, batting .237 and stealing 35 bases. But he left the game at the age of 27 in 1980 because, be said, too many people in baseball condemned his sexuality.

than I should have," Burke said in an inter-

view with The New York Times last year.

"But I wasn't changing."

Lead and Record for Montgomerie

COVENTRY, England (Reuters) — Colin Monigomerie of Scotland broke the Forest of Arden course record with a dazzling

63 in the second round of the English Open on Friday, taking a

three-stroke lead over Ireland's Philip Walton.

Montgomerie's record round left him with a 12-under-par total

of 132 after 36 holes. On Friday, the defending champion sank

eagle putts of 30 and 40 feet and made six birdies as well, the last

of them a 20-footer on the final green to break the course record

first-round lead at the Memorial Tournament in Dublin, Ohio, on

Thursday. The Australian joined American Mark O'Meara at six-

under-par 66 at soggy Muirfield Village on a day when 55 players

TORONTO (Renters) — Brendan Malone, a longtime National Basketball Association assistant coach, was named on Friday to

The Raptors begin NBA play in next season along with the Vancouver Grizzlies as the league expands outside the United

Malone, 50, had been an assistant coach for the Detroit Pistons

were unable to complete the round due to a long rain delay.

Ex-Pistons Aide to Coach Raptors

be the first head coach of the expansion Toronto Raptors.

• Greg Norman emerged from a six-week break to tie for the

set by Costantino Rocca of Italy two years ago.

"Prejudice drove me out of baseball sooner

Virginia Ruono-Pascual, Scain, (le Tauziai, France, 6-2, 7-6 17-4).

Martinez Leaves Her Marks in the **Red French Clay**

By Christopher Clarey Special to the Herald Tribune

PARIS - "I don't think her mind is on tennis anymore. The way things are going, I see her ranked eight or nine after Wim-

It was February; the speaker was Eric Van Harpen. The subject was his former pupil, Conchita Martinez

Van Harpen, who began coaching Martinez when she was 15, has been right on target many times. He was right about Martinez's 10p-10 potential, right to change her backhand from a two-hander to a onehander, right to attempt to alter her service motion and right to urge her to push herself harder

during practice. But Van Harpen was dead round of 16. wrong in February. Since parting ways for the third and presumably final time

with the exacting Dutch coach and casting her lot with Carlos Kirmayr, Martinez has looked anything but distracted. And to watch the fourth-seeded Spaniard pound deep groundstrokes, cover court, dictate pace and dominate matches so far at the French Open is to realize that the only direction her ranking is headed is north, not south.

"I've played Conchita a lot of times, and there's a big difference between Conchita now and Conchita before," said Julie Halard of France, a quarterfinalist here last year and a 1-6. 2-6 loser to Martinez on Friday. "She's much stronger on the court and much more concentrated."

With Kirmayr looking on placidly in the stands, Martinez has yet to lose a match in five tournaments — all on clay. At the Italian Open, she beat Mary Pierce in the semifinals and theo crushed ber fellow Spaniard and longtime rival, Arantxa Sánchez Vicario in the final. Since arriving at Stade Roland Garros here, she has continued to gather momeotum, losing a total of cight games in her three victories over Sabine Hack, Miriam Oremans and Halard, who are all highly

"I look like a different player," said Martinez, who fell into a dramatic downward spiral last fall, sbortly after winning her first Grand Slam title at Wimbledon. "I feel much better on the court. I am playing more aggressive and deep."

Martinez, a semifinalist here last year, is not the only player last year, Martinez planted ber leaving deep footprints in the red surface the French call terre battue. Paris might be called the City of Light, but the heavies did just fine on Friday.

Andre Agassi, the No. I seed, continued his breathtaking sprint through a favorable early draw, reaching the fourth round by beating Francisco Clavet of Spain, 6-1, 6-2, 6-0. Thomas Muster also was impressive against another Spaniard. Carlos Costa, winning 6-3, 7-5, 6-2. It was Muster's 31st straight

victory on clay this season. But from now on, his path will be strewn with unpleasant obstacles. In the fourth round, he will face Andrei Medvedev. perhaps the most dangerous unseeded player in the draw. Medvedev rallied to win in five sets against the 11th-seeded Alberto Berasategui, the dimioutive Spaniard with the unorthodox groundstrokes who reached the final here last year.

If Muster gets past Medve-dev, be will face the winner of the fourth-round match between the two-time champion

Courier won in straight sets against Christian Rund of Norway on Friday. Costa, yet an-other clay-loving Spaniard, did the same against Germany's Bernd Karbacher.

Costa's countryman, Alex Corretja, also reached the fourth round by upsetting Wayne Ferreira, the eighth-seeded Sonth African. But while Corretja is a proven big-tournament performer, the same cannot be said of Younes El Aynaoui, a qualifier who became the first Moroccan to reach the fourth round of a Grand Slam event. El Aynaoui, who spends much of his time training in France, beat an Australian qualifier, Andrew Ilie, and will meet Agassi in the

He won't be favored. But El Aynaoui is clearly a sanguine

"If I win it's a historic moment; if I lose it's a historic moment" he said.

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There were few historic moments for the women oo Friday. Steffi Graf advanced with ease, as did her fellow German and future fourth-round opponent, Anke Huber, Gabriela Sabatini also advanced, with a 6-3, 6-4 victory over a gifted yet erratic Romanian, Irina Spirlea, Sabatini, who has made an unpleasant habit of losing large leads in the last two years, blew a 5-1 advantage in the final set but managed to break Spirlea's serve to win the match.

Martinez has not been forced to summon such heroics in quite some time. Long known as a player with enormous talent and mediocre work habits, she has put herself in good enough shape to dominate.

"When we first started working together in Florida in March, I could sense a great deal of desire on her part," Kirmayr said.

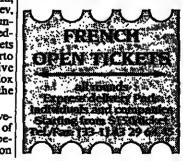
Martinez also has made some adjustments in her public persona oo and off the court. More expansive in interviews, perhaps because of a growing command of English, and less inslump during matches, she is projecting confidence and cooteniment.

The question now is whether Martinez can maintain her focus and achieve what Van Harpen always wanted for her by becoming No. 1.

Asked about that goal late gaze on the floor and avoided the question. Asked about it this week, she looked her interlocutor in the eye.

"I was one of the top five players in the world," she said. "And now I am working on being the best in the world."

Rugby World Cup in Brussels PAPA JOE'S Sportsbar & Grill krekiověde 55 - 1040 Ber



cooff with Jeremy Roenick, and day in Detroit before the best by Shawn Burr, who helped of-7 series moves to Chicago for ... screen Chicago goaltender Ed

1 Ticks off 7 Gunlock catch 11 Pythias's friend 16 Half of a 20 1950's terrorist 21 Cankerous 23 Ran "Ran," e.g.

Games 3 and 4.

ONE UP by Bryant White 55 Tm c'c-c-cokf - 86 The Kinsman 56 Slaves of the Morlocks, in fiction 57 Normandy department 58 Timeless, in 59 In wild

24 Viscera 25 "Cat's Eye novelist? 27 Sugar suffix 28 Pupil watcher

30 Showoffs 31 Ale holder 32 One of a dozen 33 Treebeard and others of Middle-earth 34 Kapow!

35 Pope Paul IT's 41 1971 Fonda phriller 42 Hanoi holidays

43 Land of Evangeline 49 Straight.to Stradivari 52 Dweller along

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third-largest city grp. Solution to Puzzle of May 27-28

D New York Times/Edited by Will Shortz

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since 1988. He was part of the team that won back-to-back NBA titles in 1989 and '90. The All-Star guard oo those teams was Isiah Thomas, now vice president and general manager of the Raptors.

States for the first time.

For the Record

ORCHIDS

Steve Sampson, winless in two matches as interim coach of the U.S. national soccer, will keep the job through next month's Copa America tournament, the U.S. federation said. (AFP) Stan Fox, who suffered a brain injury in a first-turn crash at the Indianapolis 500 on Sunday, regained consciousness Friday, hospital officials said in Indianapolis.

(AP)

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The Days of the Mimeograph

MIAMI — Commencement address to the high school class of 1995:

people. For example, in those days, most schools did not have modern technology such as the Xerox brand copier machine. they'd run it off on a "mimeograph" machine, which was originally developed by spies for the purpose of smearing ink so thoroughly that enemy code-breakers would never figure out what the original words were. The teachers would hand us a piece of paper with questions that consisted mostly of purple smears, with the occastonal word sprinkled in, like this:

1. Assuming that (smear) and (smear) (smear) Renaissance (smear), helium (smear) Treaty of (smear) (smear) (smear) cosine. Cite three examples.

We'd ponder the question, then write down: "The Tigris and Euphrates rivers." Surprisingly often this turned out to be the

correct answer, even in algebra.

Also, back in those days some schools still had real wooden desks, covered with the initials of students dating back to the original 12 disciples. Students carved these initials with a device called a "compass." which every student was required to buy (along with a "protractor"), and which seemed to have no practical purpose other than to carve initials into desks.

The best feature of these desks was that they had hinged tops, so that in critical classroom situations you could hide your head inside. We'd be sitting in class, and the teacher would be writing on the blackboard, imparting some fascinating and vital piece of information such as how many acute angles there are in an isosceles triangle (correct answer: the Tigris and Euphrates rivers), and in the back of the room Walter Gorski would stick his hand under his shirt and make a noise by forming an acute angle with his armpit, and the rest of us would quickly raise our desktops and duck our heads inside, and go out into the world, I want to end my ostrichlike, and the teacher would whirl around to face a roomful of vibrating bodies with desks for heads, emitting the kind of wet snorting sounds normally associated with severely congested horses.

Yes, we sometimes "acted up," but in the end we "toed the line," because back in l am especially pleased to be addressing you, the Class of 1995, because it just so happens that I graduated from Pleasantville (New York) High School in 1965, which is exactly 30 million years ago.

The high school class of 1995; the end we toed the line, because back in those days, American society was different. It had a quality that you simply do not see today — a quality that I would define, for lack of a better term, as "Anthony Sabella."

Mr. Sabella was the assistant principal at A lot has changed since 1965, young Pleasantville High. He was a stocky, stemfaced individual, approximately the width of Kansas, who had more authority than the U.S. Supreme Court, in the sense that if you When teachers wanted to give us a test, were a male student who came to school wearing really tight pants, the U.S. Supreme Court was not empowered to explain the Pleasantville High Dress Code to you while holding you completely off the ground by your neck, whereas Mr. Sabella was.

At this juncture I'm sure the question that is on the minds of you young people is:

You wore tight pants?"
Yes, we did. We were not like you young males today, walking around in giant pants that are structurally identical to a Sears brand four-person mountain tent with pockets. We did not wear those pants because of some trivial passing "fad"; we wore them because the Beatles wore them.

We idolized the Beatles, except for those of us who idolized the Rolling Stones. We argued passionately about which band was better. Beatles vs. Stones, because WE CARED ABOUT THE ISSUES. It's not like you young people today, listening passively, in your giant pants, to bands such as "Big Head Todd." Back in our day, bands had names that STOOD for something, such as "Sam the Sham and the Pharaohs." You heard that name, and you knew instantly that this was a band with more than one dimension. When this band sang, the Class of '65 sang right along, with genuine feeling: "Wooly BULLLLY, Wooly Bully; Wooly Bully, Wooly Bully." Call us idealistic, but those words

MEANT something to us back in 1965, and I can still hear them ringing in my head today, even when I double my sedative dosage. Young people, these are words that speak across the generations from my class to yours, the Class of 1995, and that is why. as you prepare to remove your rental gowns speech by asking you to remember one very, very important thing, but I forget what. Thank you; good luck; and somebody should wipe up this drool.

The Once and Future Beverly Hills Hotel

By Bernard Weinraub
New York Times Service

OS ANGELES - Wandering into the Polo Lounge of the soon-to-reopen Beverly Hills Hotel, Kermit Beriker, the general manager, happily greeted several workers who were applying final touches to the lush forest-green pillars. "Nothing has changed here - it's ex-

actly as it was." Beriker said, walking into the lobby. "We're back!"

Yes, the Beverly Hills Hotel, the so-called Pink Palace, at 9641 Sunset Boule-

vard, is about to come back after more than two years of extensive renovation. rumors that it would never reopen and concern that the garish and lavish architectural site would somehow turn into a conventional box of a hotel.

Not to worry. Unlike aging movie stars who undergo extensive facial surgery. with terrifying results, the Beverly Hills Hotel has been left with few scars from its makeover, which in effect turned the clock back to its heyday. A hotel that was identified more than any other with Hol-lywood glamour, romance and even intrigue has revived itself at a cost of more than \$100 million.

The hotel opens its doors on Saturday with a benefit sponsored by the Academy of Motioo Picture Arts and Sciences. The next day, the Polo Lounge and the other restaurants welcome visitors. And on Monday, guests begin checking into the hotel's 194 rooms, suites and bungalows, which is down from the previous room count of 253. Room rates range from \$275 to \$3,000 a night. Many nights, especially in June and July, are booked up.

"The goal was really to preserve the hotel exactly as it was." said Edward C. Friedrichs, a vice president of Gensler Associates, the Los Angeles architectural firm that reshaped the hotel. 'Our aim was to have people come back to the hotel and say, 'Gee, I didn't realize how good this place looked. Fundamentally, we restored the hotel as it was when it was first built in 1912.

Built on bean fields as a resort for rich visitors from the East Coast, the hotel had aged badly as it endured several owners. It was owned for a while by Ivan F. Boesky. his wife, Seema, and her family but in 1986 was sold to Marvin Davis, the Denver oilman, for \$135 million. The sale came after Boesky's \$100 million set-tlement of insider-trading charges and a



Moisson B. Azimi/The New York Times The lobby of the "Pink Palace" after more than two years of renovation.

ture was creaky, there was considerable

Elmer Grey. The original structure "was

very fanciful, very romantic and considered one of the splendid examples of

Mission Revival architecture in Califor-

PEOPLE

family feud over accusations that Boesky had improperly used the hotel's funds for stock speculation. In 1987, eight months after Davis bought the hotel, he sold it to a company headed by the Sultan of Brunei for \$187 million.

It was this new owner, Sajahtera Inc., a subsidiary of the Brunei Investment Agency, that opted to restore the botel, which was - and is - faced with such popular competition in Los Angeles as the Four Seasons, the Peninsula, the Regent Beverly Wilshire and the Bel-Air.

nia," said Dr. David Gebhard, an ar-"The floors were undulating, the struc-

California at Santa Barbara and a co-author of "Architecture in Los Angeles: A Compleat Guide.'

Years later, the style merged with the sleek fantasies of Paul Revere Williams, who designed its Crescent Wing in 1949 and revamped the Polo Lounge, the coffee shop and lobby areas. Williams was a leading designer of movie stars' homes from the 1930s to the 1960s, as well as one of the few black architects in the nation to achieve extraordinary success.

"It was a very loose, very elegant post-World War II modern style," Gebhard said. "The style was a decided contra-diction to the original building, but both styles existed well together because of Villiams's sense of scale and detailing.

Gebhard has viewed the exterior of the "new" Beverly Hills Hotel. "It's successful and delightful," he said. "They retained the very friendly ambiguousness that exists between the original and the Paul Williams addition. They really haven't changed any basic theme of the build-

Virtually everyone connected with the restoration said the hotel's architecture and style could exist in only one place: in the never-never land of Beverly Hills.

"This architecture belongs in Beverly Hills." Friedrichs said. "It's unique. It's the only commercial property in probably the most expensive residential area of the country. We were very cautious. We did not want to look like the Ritz-Carlton or Four Seasons. It was a real test for us to look like the Beverly Hills Hotel.

"There's always the risk of criticism that this isn't architecture but stage decoration. Well, yes, it is. Is that so bad?" Walking beside Friedrichs in the hotel's lobby, Howard Hirsch, a senior partner in Hirsch/Bedner, one of the leading botal interior design from pride leading.

hotel interior design firms, picked up the theme that the Beverly Hills Hotel was, in fact, a stage set: The 1978 comedy "Cal-ifornia Suite," written by a frequent guest, Neil Simon, was filmed there. "The outside of the hotel is Calling the settlement in the footing of the hotel."
Friedrichs said. "There was no air-conditioning; only window units had been put through walls. The plumbing, the wiring, the electricity dated back to 1912."

Mission, and the inside is late Art Deco, Hirsch said. "There's no common theme In renovating the hotel, the architects But this is Hollywood. The interest is a sought to preserve the original design by stage set, it's theater, and we ve appraided that. Hotel guests are actors and the au-dience at the same time. It's a peoplewatching hotel. On the one hand some people don't want to be seen. On the other hand, staying at the hotel is very imchitectural historian at the University of portant."

WEATHER

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Europe and Middle East

SATURDAY

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Sunday through Tuesday, as provided by Accu-Weather

Europe
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SUNDAY

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SE

on Sunday and Monday in Nuremberg, the city his Jewish grandparents fled in 1938 to escape the Nazis. The concerts, at which Joel will sing with no musical accompaniment, are part of celebrations to commemorate the end of World War II.

Some of the biggest names in news broadcasting took Connie Chung to lunch in a show of solidarity. Two weeks after being dismissed as Dan Rather's desk-mate on "The CBS Evening News," Chung was feted by "60 Minutes" cor-respondents Mike Wallace, Lesley Stahl and Morley Safer: "20/20" anchor Bar-bara Walters; ABC News' Cokie Roberts: "Dataline NBC" anchor Lane Roberts; "Dateline NBC" anchor Jane ing a dozen of so other high profile colleagues. "It meant everything to me to have all of these dear friends from journalism together." Chung said.

The Rolling Stones are starting the last leg of their Voodoo Lounge tour with a promise to "hit the town" for some wild times. After North America, South America, Japan and Australia, the Stones start their 26-city European swing Saturday at Stockholm's Olympic Stadium . . . The Stones have turned down an offer to write and sing the theme song for the latest James Bond film "Goldeneye," a spokesman for the group said in New York,

Christopher Reeve has shown a slight improvement since being paralyzed and on a respirator after breaking his neck in a horse-riding accident and may undergo surgery early next week, his doctor said. "He has a little more feeling in the upper part of his body," Dr. John A. Jane, a neurosurgeon at the University of Virginia Medical Center in Charlottesville, said on "Good Morning America." Surgery is planned to stabilize the actor's upper spine. Jane said. But even with it. Reeve would not be able to breathe on his own, he said.

The intruder who was shot in the arm and hip after leaping a fence a Madonna's Hollywood Hills home, has pleaded not

THE singer Billy Joel will give concerts

Keith Richards and Mick Jagger starting last leg of their tour, in Stockholm.

Los Angeles detective said.

A portrait of John Lennon and Yoko Ono is on display at the Country Music Hall of Fame in Nashville. It's part of an exhibition of 55 portraits by the celebrity photographer Raeanne Rubenstein, that also includes Minnie Pearl, Janis Joplin, Stephen King and Loretta Lynn. Rubenstein said the portraits show that "country music is really an integral part of show business and popular culture and not an isolated phenomenon."

Jay Stokes completed 331 parachute jumps in 24 hours in North Carolina — 30 more than the old record set by Dale Nelson in Pennsylvania in May 1988 - to enter "The Guinness Book of Records," He is a chief warrant officer at the Fort Bragg army base.

Lynn Redgrave delivered the comguilty to charges of stalking her and threat-ening to slit her throat. Robert Dewey Hoskins, who insisted he was Madonna's husband, had previously tried to scale the

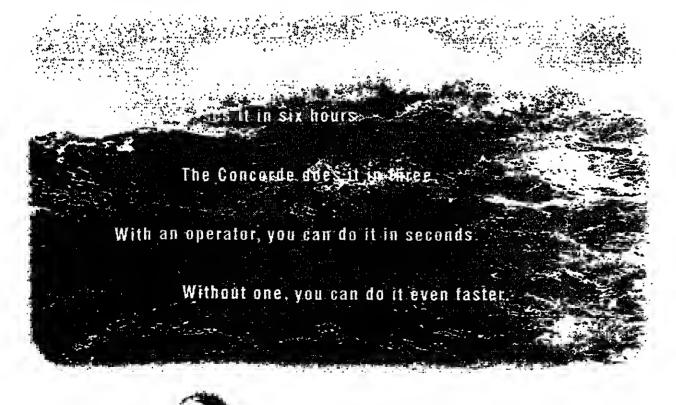
Bahrala ...

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walls of Madonna's home, telling a guard business world, but rather she focused on that he was going to marry het or kill her, a her own education, or lack thereof. She told the graduates that she had left secondary school at 16 and gone to cooking school for short housewives, then to drama school. But, she said, she never graduated from any of them. Looking at the robe she was wearing to receive an honorary doctor of arts degree, she told the audience, "I've played nuns and hookers, but I've never worn a gown like this."

Ronald and Nancy Reagan have been Larned the recipients of a prize from Harvard Medical School for their candor about the former president's fight against Alzheimer's disease. They are the first winners of the David Mahoney Prize, given by the Harvard Mahoney Neuroscience Institute.

Hard-rock guitarist Ted Nugent, an avid hunter, became the target of animal right, activists as he prepared to set his hands in the cement of the Hollywood Rock Walk of Fame. Two women carrying a banner read-ing "Ted Nugent Equals Violence on the Walk of Fame" ran past the crowd, and a man yelled out "killer." Nugent is an outspoken hunting advocate whose favored weapon is the bow and arrow.



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